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The COMMERCIAL and FINANCIAL CHRONICLE

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Wolcott Hails Decontrol Board

Reported that members will retain present positions and Board will function through commissioners.

WASHINGTON—Asked for comment on the nomination of Roy L. Thompson, Daniel W. Bell and George H. Mead as members of the Decontrol Board set up by the recent price control act, Representative Jesse Wolcott of Michigan, ranking Republican member of the House Banking and Currency Committee and a leader in the formulation of price legislation, stated to the "Chronicle":

Jesse P. Wolcott

"These are very good appointments. All three men are high-type, sensible and sound. Congressional reaction will certainly be favorable, since the appointments are good for business.

"This is not to say that the new price law is good for business, for in my opinion it certainly is not. It does not en-

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Will New York Take Up London's Financial Leadership?

By IVAN WRIGHT

Dr. Wright traces movement of financial leadership in modern times and ascribes London's ascendancy to adoption of free markets and sound currency. Holds that although present conditions point to loss of financial leadership by London, because of Britain's adverse international balance and instability of sterling, New York is not in position to take its place, largely because of absence of free markets and restrictions on capital financing. Praises Governor Dewey's project to develop a World Trade Center in New York City as step toward gaining future leadership in international finance.

London has held the leadership in world banking and finance for so long—more than three centuries—that a change must have some very fundamentally sound economic advantages. London succeeded Holland in this international financial leadership and Holland succeeded Spain. There is no one reason or many reasons for these successions in financial leadership. The reasons are legion and any catalogue of them must necessarily be incomplete. The money and investment markets are delicate institutions and they naturally gravitate to the places of greatest safety, convenience and opportunity. Spain did not hold the position of world banker very long. The obvious reasons seem to have been poor management, extravagance, and the making of money lending the chief business instead of making money the useful tool of production and trade. No such complaints can be made against the Dutch but the English took from the Dutch

Dr. Ivan Wright

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Coming Nationalization of British Steel Industry a Test Case

By C. R. RAPHAEL

Head of Economic Section, British Information Service

Mr. Raphael explains how imminent partial nationalization of British iron and steel industry will provide crucial test case of mixing private and public ownership. Surveys industry's own plan for detailed reorganization, together with Government's formula for separating it into two sectors. Predicts nationalization's success will depend on companies' self-adjustment and co-operation.

I. Public or Private Ownership?

Is there a workable alternative to complete public ownership when an industry acquires a virtual monopoly in a country? Can such an industry be trusted to operate its own centralized plans under the twin safeguards of government inspection and public opinion? Alternatively, can the Government nationalize the basic part of an industry and yet leave a large part to private enterprise?

C. R. Raphael

These are the crucial problems which face the British iron and steel industry today, and they are symbolic of the wider problems of carrying out the Labor Government's plan for mixing nationalization and private enterprise in a constructive way. In steel, unlike coal, there is no immediate production problem. The industry's output today is higher than

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Italy's Economic Outlook

By ANTONIO GIORDANO

Italian economist holds his country's prosperity can be restored if her domestic and international activities are freed from government interference. Asserts monetary reorganization is prerequisite to restoration of foreign trade. Budgetary situation is complicated by governmental subsidizing of key industries as unemployment preventive. Cites great need for imports of raw materials and goods for industrialization. Terms intact shipping organization valuable asset.

MILAN, ITALY—If individual initiative can be exploited free from interference by government, Italy's foreign trade can be activated and her whole economic situation set on the right road. Only by this means can Italy undertake to buy foodstuffs, raw materials and manufactured goods, which are so necessary for feeding the country and for reorganizing production on a sound basis.

Antonio Giordano

Among the hindrances preventing the development of Italian foreign trade, is the question of the monetary disequilibrium of the country. Under the present rate of exchange, in spite of the premiums on the dollar and the pound granted by the government to Italian exporters, Italian prices are much higher than foreign prices. This has prevented the development of exports during the present Italian soft fruits season, for example, even to countries like Switzerland, Austria, etc., in whose case the transport difficulties existing with other countries have been overcome.

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Observations . . . .

By A. WILFRED MAY

The really hopeless outlook for a constructive peace—Paris creating firebrands for World War Three, as with the Italian Treaty—Another U. S. "gravy train" for Russia—Worldwide stimulation to Nationalism—Our rift with Moscow on the Atom now more portentous than ever.

Approached from reality, the Paris peace conference could not be opening with more hopeless prospects for real achievement. Surely the prognosis of John Foster Dulles, our alternate delegate to UN, that the Paris parley is opening on the basis of compromises "which were painfully negotiated by the Big Four and which will satisfy no one, will work much injustice, will perpetuate much uncertainty and unrest, and will touch only the fringes of problems," does not differ from the innermost thoughts of the various participating representatives.

A. Wilfred May

Even if an open semblance of placidity could be preserved by the Big Four ministers in defense of their agreements, the basic rifts will be highlighted during the proceedings by the representatives of the lesser nations. Most voluble of these is sure to be Dr. Herbert V. Evatt. During and since the UN's San Francisco charter-making conference, the Australian Minister for External Affairs has fought the battle against the VETO—in its technical aspects; but more importantly, against its spirit embodied in the many ramifications of Big Power-versus-majority rule. Although, as a member of Australia's labor government and a former railroad worker, Dr. Evatt's domestic economic and social ideology is left-socialistic, his championing of the small nation cause will throw him into the anti-Soviet lineup in Paris, as it did in his caustic scuffles with Gromyko in New York..

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Vital Issues Facing American Business Today

By LEON HENDERSON*

Chief Economist, Research Institute of America
Formerly Administrator, Office of Price Administration

Stressing need of leadership to meet new issues, former "New Deal" official decries fear complex pervading business. Says price control is now a dead pigeon and price spiralling is in offing. Sees problem in maintaining American free enterprise against collectivist economy of other lands and calls for wise fiscal and monetary management for maintaining full employment. Decries regimentation and bureaucracy and fear of radical ideas.

I have a big topic for a short period. I'm to discuss some of the vital issues facing industry today. I would put first the issue of leadership. I say that after having been in 22 countries in the last 18 months. One of the big issues is whether the reservoir supply of courage and daring that is the complement of young men will in the period ahead, not only sustain its present strength, but will multiply itself. We had a discussion recently in Washington as to why the war effort's enormous mobilization of resources had not brought forward a leader, an outstanding leader, comparable to Baruch of the last war. We quickly got into explanation, but the sad thing was that most of us felt that somewhere along the line we had not met

Leon Henderson

*A talk by Mr. Henderson before Young Men's Board of Trade, New York City, July 18, 1946. Mr. Henderson was introduced by Thomas B. Noble, President of the Young Men's Board of Trade.

the test and requirements; that looking ahead to the larger responsibilities, tying with it the larger opportunities, there was necessity for organization of forces which would give play and release to new dynamics for guidance and leadership.

One of the things that has impressed me about business, as I've seen it in many, many capacities, is that there is an excess of fear and an excess of a feeling of need for security. That's a strange thing in this country of ours. It's a strange thing that business people should fear to be tagged as radical when the great business institutions of this country, most of them, are the elongation of radical thinking in some area. I would say that we should have no fear of being radical. Then there is the fear and distrust of planning, whereas there is no greater sphere of action in which there is planning than in business.

Again, there is the fear of government, which, to my mind, is one of the central issues, not only of our national thinking, but of our international thinking.

Another fear and distrust and distaste is about politics. It's considered dirty business. As a matter of fact, practically every portion of your busy personal and business life is bound to be affected by political policies.

I see another big issue ahead as one of attaining and maintaining a balance in the forces that bring about full employment. A disquieting thought is that there has been no change in the factors which produce business cycles. If anything, some of the strongest driving forces that lead to imbalance have been given a generation of new dislocating, disturbing kind of force. And so, one of the central problems that faces business is how to obtain a reasonable

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More Statistical Miasma

By A. M. SAKOLSKI

Dr. Sakolski calls attention to false implications in statement of Commerce Department showing average rise of 25% in prices of basic commodities during two weeks of inactivity of OPA. Points out prices on June 30 were fictional since they excluded the "black market" and no allowance was made for removals of subsidies. Recalls previous criticisms of Bureau of Labor prices indexes, and indicates difficulties and shortcomings of this statistical data.

A. M. Sakolski

The stench of the Commerce Department's repudiated statistical analysis of the automobile industry's ability to increase workers' wages up to 25% without affecting profits has hardly died away when, lo and behold, another document of the same doubtful and spurious character is issued under Administration's official auspices. The Department on July 22, released through the White House a new "handout," smacking strongly of official propaganda. It reports that, on the basis of the Bureau of Labor Statistics index, daily spot prices of 28 basic commodities have risen 25% in the first 16 days of relief from OPA. This is apparently an impressive statement and would ordinarily convert any doubting Thomas to the seriousness of threatening inflation.

This "official" information is backed up further in the President's recent message to Congress in which he states:

"The behavior of prices and rents in the last four weeks has given the country a frightening foretaste of what would happen to the cost of living without price and rent control. Even though many factors were operating to restrain prices during this period, prices nevertheless have risen steadily and ominously. The Bureau of Labor Statistics index of twenty-eight basic commodities in the primary markets has shown an increase of 24.8% in the twenty-six days since June 28, 1946, as against an increase of only 13.1% in the three years and forty-two days between the signing of the hold-the-line order on May 17, 1943, and June 28, 1946. Of this increase, only about 2% can be attributed to the removal

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Administrative Procedure

Provisions and effect of new "Administrative Procedure Act" discussed. Separation of powers explained. Examiners removable only for cause and after hearing. Review liberalized. Rigid publication requirements listed. Decisions to include reasons and basis therefor. Continuing militancy for more fluid markets and the removal of bureaucratic restraints advocated.

Editorially, we have for a long time conducted a campaign inveighing against the trichotomy of powers exercised by administrative bodies under which at one and the same time these were acting as investigators, prosecutors and judge and jury in the same proceedings.

Demonstrating that this conduct was contrary to our American system of jurisprudence, we alerted the securities industry and asked for legislative relief.

This relief has come in the form of the "Administrative Procedure Act" recently passed by the Congress, which goes into effect on the instalment plan, part of it on Sept. 11, 1946. Full text of the measure is given in this issue, on page 619.

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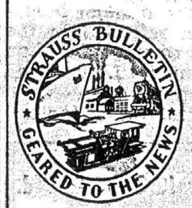

A Business Man Looks At The National Economy

By ROBERT R. WASON*

President, Manning, Maxwell & Moore, Inc.
President, National Association of Manufacturers

NAM executive, asserting new OPA is a "political stepchild," disowned by both parties, holds there "will be better than an even chance" of winning fight against inflation if law's administration is liberal and if immediate steps are taken to balance budget. Holds American housewife is best price regulator and that no single government authority can be superior to it. Attacks labor union control of government and calls for equality of labor and management before the law. Sees higher prices with OPA.

Today, as a commonplace businessman, I would like to look with you at the American economy.

Robert R. Wason

Fifteen months ago, war ended in Europe. Twelve months ago it ended in Asia. It has not yet ended in Washington. In peacetime, your government refuses to restore your economic liberties which were given away in wartime. Mussolini, Hitler, and Hirohito convinced the world in our time that individual liberty is inseparable from economic liberty. Today I speak for the return of the liberties we have lost.

In America, government makes no jobs. It only levies tribute on those who do make jobs. The only way by which a job can be made is for someone to invest his savings to provide the tools with which men work. The "tools" may be a piece of land or a tractor, an education or office facili-

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*An address by Mr. Wason before the Chautauqua Institution, Chautauqua, N. Y., July 29, 1946.

Chemical Bank & Trust Appoints Edgar Sloan

Frank K. Houston, Chairman of the Chemical Bank & Trust Company announces the appointment of Edgar T. Sloan as Assistant Secretary of the Bank.

Mr. Sloan is a graduate of Yale University and the Harvard Business School and prior to the war was an Assistant Cashier of the Phoenix State Bank of Hartford, Conn. He has recently been released from the Army where he held the rank of Major and served with the War Department Price Adjustment Board in Washington, D. C.

Amott, Baker Adds Three

Charles F. Trinka, Jr., Harry James Lundy and W. Sanford White are associated with Amott, Baker & Co., 150 Broadway, New York City.

BUSINESS BUZZ

"Would You Suggest Something Cheap That Only Goes Up?"

Price Uncertainties Hamper Business Planning

(From August "Business Bulletin" of the LaSalle Extension University, a Correspondence Institution, Chicago, Illinois)

Factory output continues to increase. Production above the slow first half of year. Volume of business still near the peak. Price and cost factors disturbing. Crop outlook good and near-record harvests expected.

Steady rise in the rate of industrial production in spite of disturbing price uncertainties has been the outstanding characteristic of the business situation during the last two months. Output is still considerably below the high level of a year ago but it is far above the prewar level and also above the average for the year 1941. More goods are being produced than in any previous peacetime year. Unless major disturbances or interruptions occur, output during the last half of the year will be much greater than the poor showing made during the first half.

Price Raises Are Rapid

After a period of relative stability in the general price level during the two preceding years, the prices of many commodities began to rise rapidly about three months ago. Price readjustments made in connection with the settlement of strikes in major industries were soon reflected in the prices of other commodities than those directly involved. The trend was speeded up when the price controls were removed at the end of June and the advance during the first part of last month was one of the most rapid ever recorded.

The index of wholesale commodities prepared by the U. S. Bureau of Labor Statistics rose from 113 to 120 in two weeks. This index usually moves very slowly as it includes about 900 different items many of which ordinarily change little. It is 14% higher than it was a year ago and about 60% higher than it was in August, 1939. It has not yet reached the peak of 1920, which came one and a half years after the end of World War I.

Many individual commodities are higher than they were at that time. The peak price for cattle, for example, was a little over $20 per hundred pounds, but during the first part of last month some cattle sold above $25 per hundred pounds. Other livestock and livestock products have risen close to

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President Dubious of New OPA Act

In message to Congress says measure is no guarantee for avoiding inflation, but admits it is improvement over vetoed bill. Hits placing divided responsibility in price control administration but does not object to decontrol board. Warns price control is only one means of combating inflation and hints at rigorous tax policy. Says he'll call special session of Congress if Act proves ineffective.

Following his signing of the new OPA Extension Act, President Harry S. Truman released a message he sent to Congress in which he reiterated his objections to the previous bill which he vetoed, and also expressed doubts as to the efficacy of the present measure. The text of his message follows:

President Truman

To the Congress of the United States:

I have today signed H. J. Res. 371 amending the price control laws and extending them for another year. I have signed this measure with reluctance.

I had hoped for a bill under which the government could with full confidence assure the people that prices would remain generally stable in these last few critical months of the transition to a free economy. This bill falls far short of that hope. I am advised, however, that it is the best bill the Congress will now pass. It is clear, moreover, that it is a better bill than the one I was forced

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Full Text of New OPA Bill

New Act will restore rent ceilings and renews price controls on all commodities except meats, dairy products, grains and certain other food items. Three man Decontrol Board set up with power to extend decontrol on food products after Aug. 20. Members of Decontrol Board named and confirmed by Senate.

On July 25, President Harry S. Truman signed (as he stated) "reluctantly" the OPA extension bill, which was recently passed by both Houses of Congress to replace the measure the President had vetoed. After signing the bill (text appears below), the President sent to Congress a special message (see above) in which he stated that if the new measure proved unsatisfactory he would call a special session of the Congress to revise it. In his message, also, the President urged the formulation of a "rigorous tax policy as one of the alternatives" to the ravages of inflation. He also advocated sterner monetary and fiscal measures to counteract inflationary tendencies, though without making any definite proposals.

The Changes in the Law

The principal changes made in the present law, as contrasted with the vetoed bill are (1) the elimination of the Taft amendment which would require 1941 as the base period for consideration of producers and distributors markups; (2) the temporary instead of permanent removal from control of meat, dairy and other farm products, and (3) the setting up of a three-man "Decontrol Board," which is to determine whether the exempted food products are not to be restored to price control after Aug. 20, and which is also to have power to order price decontrols on all products, whenever, after study, it decides such controls are no longer necessary. It may also restore controls. The President has nominated to this "Decontrol Board," Roy L. Thomson, President of the New Orleans Federal Loan Bank; Daniel W. Bell, former Under-Secretary of the Treasury, and now a Washington banker, and George H. Mead, Chairman of Mead Pulp & Paper Co., former member of the War Labor Board, who was at one time Chairman of the Industrial Advisory Board under the ill-fated National Recovery Administration. On July 29, the Senate confirmed the appointment of all three members. The compensation of members of the Decontrol Board is fixed in the new law at $12,000 per year. Pending the organization of the Board, the OPA has

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Present Reaction of Stocks No Indication of Bear Market

By ROBERT TANHAUSER
Partner, Newburger & Hano

Broker contends recent price declines may be only normal reversal and are quite moderate, considering long period of price advances. Sees no factors of self-generating and accelerating declines.

We are inclined to believe that the present stock market reaction is not the beginning of a bear market, but is only a normal reversal, which occurs frequently in long bull markets. However, the decline, which has actually been quite moderate, has provoked a disproportionate amount of anxiety about the market's basic direction. This is easily understood. When a bull market is in its fifth year—a ripe old age for most bull markets—any setback is a cause for considerable alarm.

R. S. Tanhouser

Even the Dow Theorists, students of the market's technical action, who are usually so certain of their art, differ amongst themselves. One group holds that this is merely a normal reaction, which may or may not prove to be the first leg of the bear market. The second group holds that the February decline was the normal decline and unless prices hold above the February lows, we will be in a bear market forthwith. While the high priests of the Dow theory are divided into schisms the faithful must wait for their final conclusions.

There are, however, other tests which we can apply to the market in determining the answer of whether or not the trend is still upward. The classical, old-fashioned bear market was a sort of financial and economic chain reaction. First security prices go down, then credit stringency appears, and then production and employment diminishes, and then security prices go down further and the entire cycle spirals to lower and lower levels until securities sell for their salvage values and business activity sinks to a purely sustenance level. That was the basic pattern of previous bear markets but we doubt whether it will be the pattern of future bear markets for some time

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Jos. Brown Comptroller Of Courts & Company

ATLANTA, GA. — Joseph E. Brown has been appointed Comptroller of Courts & Co., 11 Marietta Street, members of the New York Stock Exchange and other exchanges. Mr. Brown, who is a native of Atlanta, graduated from the University of Georgia with an AB degree cum laude and has been employed by Courts & Co. since October 30, 1929 (sic.) except for that time which he served in the armed forces. Mr. Brown is a Trustee of the Eta Trust Association of the Chi Phi Fraternity and also a member of the Piedmont Driving Club.

Wallace and Small Report on Expanding Trade

Commerce Dept. head and Civilian Production Administrator announces employment, individual income and industrial output moved steadily upward in June.

During June the nation's economy continued to expand. Employment, individual income, and industrial output all moved steadily upwards, Secretary of Commerce Henry A. Wallace announced on July 25.


Henry A. Wallace

Much uncertainty about the future course of prices arises from delay in reestablishing OPA; but an upward trend seems assured regardless of the details of any act which would reimpose price controls, he added.

Retail sales for June were estimated at new highs on the basis of preliminary report. Although part of the May-to-June buying spurts reflected further price advances, the physical quantities of goods produced also increased. Shipments of consumer durable goods, in particular, were greater during June than during May.

Another feature of the month was the further gain in construction activity which increased by

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OPA Actions Under New Law

Paul A. Porter, OPA Administrator, issues statement of policy. Gives rulings regarding rents. New price ceilings announced, principally on textiles and wearing apparel.

In a statement issued on July 26, following approval by the President of the Price Control Extension Act, Price Administrator Paul A. Porter stated that under the Act all ceilings go back to where they were on June 30. Except where the new law specifically makes other provisions, these restored ceilings will serve as the basis for any adjustments made necessary as a result of the new act or because of any adjustments in process on June 30.


Paul Porter

All industries and businesses, buyers and sellers, covered by OPA price schedules, regulations or orders on June 30, Mr. Porter stated further, are now automatically subject to these same regulations as if the new act had become law on June 30.

Foods

Approximately 40% of all foods remain under control, the Administrator said. It is erroneous to assume that all agricultural commodities are removed from price control until the Secretary of Agriculture certifies on Sept. 1 items which are in short supply. The act exempts livestock, milk, cottonseed, soybeans, poultry and eggs or food or feed products manufactured in whole or substantial part from them, along with grains and livestock or poultry feeds made from grains.

Until Sept. 1, Mr. Porter emphasized, all agricultural commodities now under ceilings will remain under ceilings unless decontrolled. OPA will very shortly announce special actions to cover changes in subsidies and other factors relating to coffee, flour, cornmeal and wet corn milling products.

Under the major OPA food regulations, all sellers go back to their June 30 ceilings until notified of changes in their suppliers' ceilings.

Increases in Textile and Food Products

On July 29, the OPA announced retail ceiling prices of men's shirts, shorts and pajamas would be allowed to go up by 11%.

In addition to the 11% on the items metioned an increase of about the same amount in the price of men's and boys' dress shirts and boys' sport shirts in specific low-cost categories, was also announced. This was a move

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Grocery Manufacturers Pledge Support of OPA

Paul S. Willis, President of Grocery Manufacturers Association tells nation's housewives they'll set goal of full production at fair prices, but warns that new price controls may result in scarcities.

Members of Grocery Manufacturers of America, Inc., who produce about 85% of the nation's packaged food and grocery products today pledged their full support to Price Administrator Paul Porter in his administration of the new Price Control Act and promised the nation's housewives that they would make all possible efforts to produce a sufficent supply of essential goods at reasonable prices. The pledges were contained in a statement by Paul S. Willis, president of the organization, issued on July 27.


Paul S. Willis

Mr. Willis warned, however, that artificial shortages of many essential food products will result from enactment of the law unless the administration adopts an entirely new and constructive attitude towards industry, recognizes the proven economics of sound business, and administers pricing regulations accordingly.

"The production of many food products which started to pick up during the 25 days in which the food industry was enabled to act without government controls is now in danger of falling off to the point where housewives will again be faced with the unpleasant drudgery of searching neighborhood stores for needed foods," Mr. Willis said. "Furthermore, full production and full employment cannot become realities unless OPA ceiling prices allow manufacturers to market their products at a reasonable profit. In the grocery field, the basic costs of production have risen considerably. The farmer now receives 65% more money for his raw materials than he did in 1941 and wage rates in food processing plants have risen 42% in the same period. We believe that these increases are justified and we also believe that the manufacturer is justified in seeking to produce his goods at a profit rather than at a loss.

"Congress has liberalized the method by which manufacturers can secure relief from too-low ceiling prices and it is to be expected that applications will be made by grocery producers. Where granted, prices will be increased but by a very small amount—a penny or two here and there. These small price rises will be accompanied by the much greater flow of once-scarce merchandise from manufacturer to consumer.

"If OPA will speed the granting of such requests and correct regulations which otherwise stifle production, the American food manufacturer will be in a position to supply the country with sufficient foods at reasonable prices."

Parkes Gets Marlin

PHILADELPHIA, PA. — Newton H. Parkes, Jr., E. H. Rollins & Sons, 1528 Walnut Street, while vacationing in Maryland last month, snagged into and brought to gaff an 80-lb. white marlin. It was "more fish" and distinctly less odoriferous, he says, than those collected by his colleagues in the Trading Department during his absence.

Hunter & Co. Opens New Branch in Saugerties

Hunter & Co., members New York Security Dealers Association, 42 Broadway, New York, announce the opening of a branch office at 262 Main Street, Saugerties, New York, under the management of B. C. Hunter.

SEC's Aims Include Registration 'Counter' Issues

New SEC Chairman voices confidence that Congress will approve agency's recommendations. Reveals Commission's continuing study of "abuses" concerning favors to "Insiders" in new issue distribution; its intentions of providing more efficient mechanics for getting information to new issue buyers; early consummation of the Public Utility Holding Company Act. Holds World Bank issues will be subject to registration. Agency's return to Washington uncertain.

Under his administration the Securities and Exchange Commission will vigorously pursue its proposals for extending Federal regulation over the securities affairs of all major companies, James J. Caffrey, the Commission's new chairman, revealed at a press conference Tuesday. While disposition of the agency's official suggestions—the Swan Song of the outgoing ex-Chairman Purcell—is up to Congress, the Commission will use all possible pressure to secure favorable action. One of the importantly valued instruments of such pressure is the stamp of approval that was thereto given by President Truman.

James J. Caffrey

In any event the timetable for the arrival at a definite Congressional decision is extremely dubious. There will be hesitancy toward incurring the political opposition of "small business," the matter is highly technical, and the normal inclination to delay on such matters is indicated by the pigeonholing since 1940-1941 of amendments previously suggested by the Commission.

In response to a query concerning the possible Constitutional prohibitions against control over activities which may not be in the nature of interstate commerce, Mr. Caffrey stated that the Commissioners now are not worrying over this score. It will be recalled that the Securities Exchange Act of 1934 was predicated on making the Stock Exchanges the focal point of Federal regulation, as a defensible instrument of interstate commerce.

Favors Self-Regulation

As a solution to many of the problems still calling for reform, Mr. Caffrey strongly advocates that constructive action be taken by the investment industry itself, along the lines of the voluntary steps that have been taken by the Stock Exchange under President Schram, and by the National Association of Securities Dealers.

Foremost among such specific situations is the alleged abuse in connection with the favored treatment of "insiders" in the process of new issue distribution. The Commission is now earnestly considering a set of rules proposed by its staff, as well as compromise recommendations placed before it by the National Association of Securities Dealers.

It is understood that some members of the industry have suggested that reform be effected through clear *disclosure* to prospective purchasers of the treatment accorded to "insiders," and of the exact amount of shares actually being offered to the public at large. But this is opposed in other quarters on the ground that false impressions of the desirability of individual issues—in both directions — might be thereby given.

Many Wall Street authorities now feel that this entire question is fast becoming academic—both because of the current "fading" of the former rampant bull market in both old and new issues;

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Government Loans to Business

By HENRY T. BODMAN*

Director, Reconstruction Finance Corporation

RFC official outlines development of government loans to business before and during War, and contends aim was to supplement and not to replace private banking. Maintains ample credit is a matter of public interest and government as a lender is justified under present economy. While stating banks are doing "a remarkable job," he points out there are still shortages of credit particularly in small enterprises and in housing development. Denies purpose of RFC is to compete with private banking.

The subject of government in business in any field is bound to provoke controversy because it involves many of the broadest, most fundamental and troublesome social and economic issues now facing the country.

Henry Bodman

Certain of these questions are raised and typified by the operations of the RFC, particularly in connection with its loans to business enterprises. In discussing them in this setting we shall be in a field familiar to all of us, and in one which provides a practical approach for anlayzing them.

My discussion will be without reference to any particular personalities, or to the present or any other Administration—in short, with no political coloring. This can be done because we shall be considering matters which go far beyond, and are more fundamental than any individual or political belief. Only by an unbiased, non-partisan approach, moreover, can a true perspective be obtained.

Government in Financial Field

The two questions to be discussed are:

1. Are there any circumstances which justify Government intervention in the private financial field?

2. If there are, what are the conditions under which the Government should continue its operations in this field?

In approaching these questions, it may be well to examine how and why the Government gets into activities which so intimately

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*An address by Mr. Bodman at Annual Convention of Michigan Bankers Association, Mackinac Island, Mich., June 27, 1946.

Challenges to the Economic Future

By ALFRED SCHINDLER*
Under Secretary of Commerce

Commerce Department official lists as stumbling blocks to postwar prosperity (1) runaway prices; (2) industrial conflict; and (3) economic isolationism. Says profiteering is bad for business and will ultimately reduce production and destroy good-will. Reiterates his plan of avoiding industrial conflicts by voluntary establishment of impartial labor-management boards, with final authority to fix wages and labor conditions. Holds we must extend sound foreign credits to avoid economic isolationism, and advocates aiding foreign industrialization.

The world has emerged from a terrible war greatly impoverished. It is poorer in manpower by the number of the slain, poorer in natural resources by the amount that has been spent and detroyed, poorer in that almost the entire world's productive plant and manpower has spent wearing years in producing to destroy, and poorer in our spiritual outlook.

Alfred Schindler

As the arsenal of democracy, as the cornucopia out of which flowed an ever greater stream of munitions, we suffered only the wear of the war and little of the tear. While the rest of the world was left ragged, the war's end found us with an expanded and improved capacity for production, with a more ample and better trained labor supply, with a large volume of accumulated domestic demand begging to be satisfied, with a greatly increased flow of income to consumers to sustain this demand, with large accumulated savings which could serve as a stop-gap over short periods of difficulty, and, lastly, with a huge foreign demand for our goods.

In effect, at the end of the war American business had in the palm of its hands the greatest economic opportunity and responsibility ever offered any country at any time in the history of the world!

This opportunity and this responsibility still are in the palm of our hand, waiting for us to act on them quickly, fully and wisely so that we can move vigorously and courageously forward along the difficult road toward a greater economic future. I say "difficult road" because there are stumbling blocks that lie along the way—stumbling blocks that can trip us up hard and take the skin off the knees of our national well-being.

Stumbling Blocks to Prosperity

What are these stumbling blocks? As we in the Department of Commerce see them, there are three major ones.

(1) Runaway prices.
(2) Industrial conflict.
(3) Economic isolationism.

I think a sober understanding of what these stumbling blocks are like and what they mean to all of us is imperative if we are not to trip ourselves up.

Let's consider the first one—runaway prices. On the one hand, too many things are in short supply. On the other hand, consumers are making more money, after taxes, than ever before. Furthermore, their accumulated savings in liquid form available for spending are far larger than ever before. For these and other reasons it is not too difficult to understand why we so often find consumers standing in line for some of the many scarce articles they want to buy. But in the absence of most price controls, their competitive bidding for goods too

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*An address by Mr. Schindler before the Commerce and Industry Association of New York, New York City, July 25, 1946.

Member Firms of N. Y. Stock Exchange Discuss Pro's and Con's of "Permissive Incorporation"

Board of Governors of the Exchange will decide on Sept. 12 whether or not to put the question up to the members for a vote. Both sides confident they have a majority with them but the Stock Exchange itself feels opinion is about evenly divided. Proponents say they will try again if they fail this time. Antagonists, seeing danger in incorporation, say, "It shouldn't happen!" It is the tax angle that appears to be dominating the thinking of a large number of firms on the question. "Chronicle" welcomes communications from members of the Exchange on the subject.

The question of the permissive incorporation of their firms is the subject of lively discussion among the members of the New York Stock Exchange at the present time. The Board of Governors of the Exchange will decide on Sept. 12 whether or not to put the matter up to the members for a vote and, if it rules affirmatively, balloting will probably commence right away. For the proposition to carry, a majority vote of the majority of the membership within two weeks (or four weeks if the majority of the membership has not voted wtihin the two week period) is necessary.

Both the proponents and the antagonists of incorporation claim majorities for their sides. The Stock Exchange itself which has asked for comment on the pro's and con's of the issue says that on the basis of the replies it has received and verbal opinions it has heard sentiment is about evenly divided. The tempo of the debate is likely to be stepped up during the next few weeks as the various firms try to make up their minds on which position to take. Even campaigning by the enthusiasts on both sides looms as a possibility commencing about the first of next month. The immediate strategy seems to be to influence board action on the matter.

There is one school of thought which believes that since even the "smart" men in the industry are so divided on the question, the Board of Governors of the Exchange should not put it up to the members for a vote. After all, it is pointed out, only the partners in member firms that hold seats can actually cast ballots on the proposition, many of whom, it is feared, will probably be unduly influenced by the argument advanced by the proponents that incorporation would increase the volume of business handled by the Exchange and ignore the contrary opinion of other partners in their firms.

Those who favor incorporation base their position partly on the premise that such a move would bring new business to the Exchange. Their line of reasoning is somewhat as follows: By permitting incorporated firms to do business on the Exchange, the demand for Exchange seats will be heightened. The price of a seat will increase and the higher price will induce some of the more inactive members to sell out. New firms can thus enter the industry, bringing with them their business contacts and sales staffs and new business will develop. In the process also, some securities which are now dealt in over-the-counter will become listed on the Big Board.

The men who see only pitfalls in incorporation, however, admit the appeal which the possible prospect of enlarged business has for the floor trader but they challenge the possibility of any such increase in business from this source. For instance, they say, if a firm which does an over-the-counter business should get a seat on the Exchange, it would tend to exploit the Exchange for leads to new over-the-counter business.

(Continued on page 646)

Secret Clauses in Loan Agreement?

By PAUL EINZIG

London Correspondent tells of suspicions in Great Britain of secret clauses in the Anglo-American Loan Agreement, based on (1) lack of clear statement regarding settlement of blocked sterling balances; (2) uncertainty regarding requirement loan proceeds be spent in U. S.; and (3) absence of statement on right to withdraw gold instead of dollars. Objections of U. S. to Anglo-Canadian wheat deal also quoted as ground for suspicion.

Paul Einzig

Ever since the Loan Agreement was concluded in December, there has been a certain amount of suspicion in British political circles that in addition to the published text there are some secret clauses which bind the British Government to a far higher degree than would appear from the terms of the agreement. Discrepancies between British and American official interpretations of various provisions are partly responsible for this suspicion. It is widely believed among Conservatives, and also by some of the government's supporters, that the American interpretation must be in accordance with some "gentlemen's agreement" which morally and politically commits the British Government, even in the absence of a legal commitment.

Mr. Vinson's statement on May 20 concerning the terms on which blocked sterling balances are to be settled has increased this suspicion. In spite of the repeated statements of Mr. Dalton, British Chancellor of the Exchequer, that there is no commitment on this point beyond the terms of the agreement, many Members of Parliament are convinced that Mr. Vinson would not have given circumstantial details unless there was some form of secret commitment. On the occasion of the brief debate on the loan in the House of Commons on July 19 the Financial Secretary to the Treasury, Mr. Glenvil Hall, denied once more that the British Government's hands were tied in respect of the terms of the settlement of blocked balances, but his statement carried little conviction.

Meanwhile suspicion was increased in other directions. In an article published by the "News-Chronicle," Mr. Paul Bareau, who until recently acted as the Press Officer to the British Treasury Delegation in Washington, and was the spokesman of the British negotiators of the loan, stated on March 15 that the proceeds of the loans must be spent in the United States. Even though during the debate in Congress there were many statements implying this, there is no trace of any such provision in the loan agreement itself, so that the assumption that such a restriction—if it exists—in the employment of the proceeds must be based on a secret understanding does not seem to be unreasonable. Efforts of Members of Parliament to ascertain whether there is in fact such a restriction have failed so far to elicit a direct admission or a denial. On the other hand, Mr. Glenvil Hall admitted it by implication when he suggested that if prices rise too high in the United States we need not spend the proceeds of the loan. He evidently did no. envisage the possibility of spending the proceeds outside the United States if non-American goods are found to be cheaper.

Yet another secret clause is suspected as a result of the negative answer given by Mr. Dalton to a question by Colonel Crosthwaite-Eyre, asking whether the British Government is entitled to withdraw the proceeds of the loan in gold instead of in dollars. Since there is no clause in the loan agreement against withdrawal in gold, and since the general rule is that foreign governments holding dollars are entitled to convert them into gold and hold the gold in the United States or export it, this answer has come very near to an admission of the existence of at least one unpublished provision.

Yet another secret clause is suspected as a result of the difficulties in the conclusion of the wheat deal with Canada. It was understood here that the deal was postponed at the request of the Washington Administration, for the sake of ensuring the passage of the loan agreement by the House of Representatives. But now it appears that Washington also objected to the deal on the ground that its terms were contrary to the agreement. If, as now seems certain the wheat deal should eventually be concluded on terms different from those originally arranged nothing would ever make Conservative Members of Parliament believe that the change was not forced on the Government as a result of some secret clause of the loan agreement.

This matter is expected to be raised in Parliament, in so far it will be possible to do so before the Summer recess which is likely to begin on August 2. The government is certain to be pressed during the autumn to disclose the full extent of its commitments under the loan agreement.

Whitman With Lyons Co.

BOSTON, MASS.—George P. Whitman has become associated with Lyons & Shafto, Inc., 31 Milk Street. He has recently been serving in the U. S. Army. Prior thereto he was with R. K. Webster & Company in Boston and in the past was with Lyons & Co.

With Ross, Browne, Fleming

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — Aldis J. Browne, Jr. and Thomas J. Fleming, Jr. are with Ross, Browne & Fleming, 919 North Michigan Avenue. Mr. Browne has been serving in the U. S. Navy.

Phillips, McMillen & Strecker at Ohrstrom

G. L. Ohrstrom & Co., 40 Wall Street, New York City, announce the appointment of Howard E. Phillips as director of the firm's wholesale and trading departments. Mr. Phillips formerly was Vice-President and New York Manager of George R. Cooley & Co. and has been identified with Wall Street for 25 years. Before the war for several years he conducted his own business here.

D. J. McMillen and Arthur T. Strecker also have joined the firm's trading department, Mr. Strecker having just returned from four years' service overseas as a Major in the Army. Before the war he was associated with DeTreville & Co., and Jenks, Gwynne & Co. Mr. McMillen was previously manager of the trading department at Bittner & Co.

Coxon & Cross With Hallgarten & Co.

Hallgarten & Co., 44 Wall Street, members of the New York Stock Exchange, announces that Thomas T. Coxon will assume his duties as a general partner, starting today, and Calvin Cross, formerly with Mellon Securities Corp., will become associated with the firm.

Apponyi and Morris With Bogardus, Frost & Banning

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Carl E. Apponyi and Wells Morris, Jr. are now associated with Bogardus, Frost & Banning, 618 South Spring Street, members of the New York and Los Angeles Stock Exchanges. Mr. Apponyi was in the past with Banks, Huntley & Co. in charge of the statistical department.

Real Estate Securities

The "Above Average" market rating given last week to the New York Majestic bonds by one of our leading Statistical Services drew our attention to the securities.

We found that the bonds carry with them stock representing 100% of the ownership of the property. At their current price of 40, a value of only $5,105,535, is set for the property. This is an interesting comparison with the original bond issue of $9,400,000 offered in 1930 as legal for Trust Fund Investment and appraisals at that time showing a total value for the land and completed building in excess of $14,000,000.

Current financing consists of a $2,075,000 institutional first mortgage and a bond issue of $7,576,338.

Apparently the current price of the bonds is low because of small yield afforded by current interest payments (4% on present market). This seems to be caused by O. P. A. pegging of low rentals made when the Management elected to fill the house at any reasonable rents obtainable.

Were there no O. P. A. there is no doubt but that the apartments in this house would command considerably higher rents than are now obtained. Even a 10% increase of present low rents would mean 1% additional on the bonds. Rooms are presently rented on an average of $457 per annum per room.

The property consists of a 30-story apartment house, occupying the entire block front of Central Park West from 71st Street to 72nd Street with a frontage of 204 feet on Central Park West and 177 feet on 71st Street and 224 feet on 72nd Street. The property faces directly on Central Park, commanding a vista of trees, lawns, ponds and winding bridle paths extending over an area of many acres.

Immediately at the building is a Subway Station, Crosstown Bus and the Eighth Avenue Bus lines.

The building has entrances on three streets and contains over 200 apartments, with 1,404 rentable rooms. The layout of the property is such that it can cater to tenants desiring small or large apartments. The apartments range from one room to 10-room suites. There are many duplex and terrace apartments. A special type construction permitted glass enclosed sun porches in the corner apartments.

Considering the inflation hedge offered by the equity feature of these bonds, plus the hope for increased rents, they seem to offer a reasonable speculation at current market prices.

Stock Exchange Notice On Argentine Bonds

It was announced on July 30 by the New York Stock Exchange that—

"Effective immediately, transactions in Province of Mendoza (Argentine Republic) 4% External Readjustment Sinking Fund Dollar Bonds, due December 1, 1954, shall be in variations of 1/32nds, and Commissions are chargeable in accordance with Rule 483, notice having been received of a call for redemption on September 1, 1946, of all the outstanding bonds at the principal amount thereof, plus accrued interest to the redemption date. The security will be suspended from dealings at the opening of the trading session on Sept. 3, 1946."

Dr. Edwards Elected V.-P. of Inv. Co.

Dr. Wm. Edwards

The election of Dr. William F. Edwards as vice president of Manhattan Bond Fund, Inc. and of New York Stocks, Inc., and his admission as a general partner of Manhattan Research Associates, affiliated investment research organization, is announced by Hugh W. Long, President of the investment companies. Dr. Edwards, well known for his writings and lectures on economic and investment subjects, and for the last seven years a partner in Naess and Cummings, investment counsel, is a graduate of Brigham Young University, and received his doctorate from the New York University Graduate School of Business.

Wall St. Soft Ball League Scores

The New York Curb Exchange softball team took the lead last night in the three-game series for the championship of the Wall Street Softball League by defeating the Hirsch & Co. team 6 to C in the opening contest of the series.

The Curb Exchange played airtight ball behind the 3-hit pitching of John Bertuzzi, its mound ace. Among the twelve hits collected by the Curb were home runs by Wally Gardner and Tommy Johnston.

The Curb Exchange team, which ended the regular season in a first place tie with F. V. Foster for the "Shorts" Division title with 8 victories and 2 losses, captured the division pennant and earned the right to meet Hirsch & Co., "Longs" Division pennant winners, for the championship by defeating F. V. Foster in a hard-fought playoff game last week 7 to 5.

Budd Co. Debentures Placed Privately

Carl M. Loeb, Rhoades & Co. and Blyth & Co. Inc. announced July 31 the private sale of $30,000,000 Budd Co. 15-year 3⅝% sinking fund debentures, due July 1, 1961. The issues was sold to the Equitable Life Assurance Society of the United States.

Cohu-Torrey Wire to O'Brian-Mitchell & Co.

Cohu & Torrey, 1 Wall Street, New York City, members New York Stock Exchange, announces the installation of a direct private wire connecting their New York office with O'Brian, Mitchell & Co., Liberty Bank Building, Buffalo, N. Y.

The Outlook for Railroad Equities

By HAROLD F. MESSNER

National Securities and Research Corp., Investment Committee

Investment analyst holds railroad earnings in second half year of 1946 will exceed the poor earnings of first six months, but will be below those of 1945. However, 1946 share earnings of some lines will be higher due to 1945 heavy amortization charges. Concludes that, with consideration for selection, railroad equities generally may be said to be under-priced.

In view of the extremely poor earnings of most of the railroads in the first half of the year, it is only reasonable to estimate that the earnings for 1946 will be appreciably below those of 1945. It is our opinion, however, that the worst earnings have been seen and tha better results should be recorded in the months ahead. Moreover, we believe that earnings in the last half of the year will be at a highly satisfactory rate.

Harold F. Messner

We have attempted o evaluate past, present and future factors in the rail situation for 1946 in the preparation of the following table, in which estimated 1946 earnings are compared with actual 1945 and 1944 resul.s.

These estimates have taken into consideration increased costs, such as wages, materials and supplies, and the benefits from the interim freigh. rate increases that became effective July 1, as well as allowance for some further increase in rates in the last quarter of the year and possible excess profits tax carrybacks. The 1945 earnings were, of course, distorted considerably by the accelerated amortization charges.

By reason of these accelerated charges many of the roads will show larger net income for 1946 than 1945. As will be remembered, many additions to railroad property during the few years prior to 1946, notably equipment, were constructed as emergency facilities certified under Section 124 of the Internal Revenue Code. Such facilities were being amortized on a 60-month basis when President Truman proclaimed the end of the emergency with respect to Defense Projects as of Sept. 29, 1945. The proclamation permitted the amortization to be accelerated forthwith and the railroads having unamortized balances charged the entire amounts to operating expenses before the end of 1945, with resultant credits to tax accruals.

Net income reported for 1945 suffered from the accelerated amortization charges, in some instances very badly. A case in point is the Atchison Topeka & Santa Fe, which charged off its entire unamortized balance (nearly $62,000,000) in the month of September. The road's total operating expense charges for 1945 were increased by about $55,000,000 over what they would have been if normal amortization accruals had continued. However, tax savings approximated $46,000,000, including cutback of $18,000,000 for prior years. The net effect

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ESTIMATED 1946 EARNINGS OF 40 LEADING RAILROADS

These are National Securities and Research Corporation estimates based upon the first six months' operations and its views of the remainder of this year, but are subject to change monthly with changing developments

		Earnings per Common Share		
Company—	Shares Outstanding	Actual 1944	Actual 1945	Estimated 1946
Atch., Top. and S. Fe Ry. Co.	2,427,060	$19.91	$9.56	$17.00
Atlantic Coast Line RR. Co.	823,427	19.54	6.71	8.00
B. & O. RR. Co.	2,562,953	7.24	5.29	1.50
Bangor and Aroostook RR. Co.	141,792	5.33	3.92	4.50
Canadian Pacific Ry. Co.	13,400,000	2.21	1.98	1.80
C. & O. Ry. Co.	7,657,354	3.57	2.14	4.50
C. B. & Q. RR. Co.	1,708,391	14.43	16.04	16.00
Chicago & Eastern Illinois RR. Co.	343,297	2.02	0.83	†2.00
Chicago Great Western Ry. Co.	352,639	1.70	†0.33	†1.00
Chic., Milw., St. Paul & Pac. RR. Co.	2,123,214	6.25	3.99	2.00
Chicago and North Western Railway Co.	816,303	13.31	10.57	2.00
Colorado and Southern Ry. Co.	310,000	4.82	3.62	1.00
Delaware and Hudson Co.	540,049	11.35	0.99	4.00
Delaware, Lackawanna and West. RR. Co.	1,688,824	0.29	†1.95	0.00
Erie RR. Co.	2,455,773	2.30	1.54	1.00
*Great Northern Ry. Co.	3,092,543	8.03	7.81	5.00
Gulf, Mobile & Ohio RR. Co.	590,421	2.94	†0.06	0.00
Illinois Central RR. Co.	1,357,995	11.98	7.58	6.00
International Rys. of Central America	500,000	2.33	3.15	5.00
Kansas City Southern Ry. Co.	509,599	7.02	9.37	7.00
Lehigh Valley RR. Co.	1,210,034	0.64	†6.25	†1.00
Louisville and Nashville RR. Co.	2,340,000	7.95	7.49	10.00
Missouri-Kansas-Texas RR. Co.	808,964	1.78	1.48	0.00
Nashville, Chattanooga & St. L. Ry.	256,000	9.15	7.18	3.50
N. Y. Central RR. Co.	6,447,413	5.55	3.79	1.50
N. Y., Chic. & St. Louis RR. Co.	337,467	15.00	17.54	7.00
Northern Pacific Ry. Co.	2,479,826	5.31	4.66	3.00
Pennsylvania RR. Co.	13,167,754	4.92	3.72	3.00
Pere Marqette Ry. Co.	450,448	4.06	2.13	0.00
Pittsburgh & Lake Erie RR. Co.	863,650	5.20	4.14	5.00
Pittsburgh & W. Va. Ry. Co.	305,000	5.09	1.92	1.00
Reading Co.	1,399,782	3.32	5.59	4.00
Southern Pacific Co.	3,772,763	9.73	8.77	8.00
Southern Ry. Co.	1,298,200	14.84	10.24	9.00
Texas and Pacific Ry. Co.	387,550	6.80	15.63	12.00
Union Pacific RR. Co.	2,222,910	16.08	13.07	15.00
Virginian Ry. Co.	1,250,860	2.68	2.12	4.00
*Wabash RR. Co.	311,030	19.78	17.70	18.00
Western Maryland Ry. Co.	532,869	4.94	5.17	3.00
Western Pacific RR. Co.	408,283	13.41	4.77	6.00

*Preferred. †Deficit.

CIO-UAW Would Drop Pay-Rise Move

To preserve purchasing power of dollar. Move by Reuther to Speed up auto output.

Abandonment at present of any thought of new wage increases in favor of an all-out effort to preserve the present purchasing power of the dollar is reported on the part of the Congress of Industrial Organizations in general and the United Automobile Workers in particular, it was indicated from

Walter P. Reuther

Philip Murray

Detroit on July 27 by Walter W. Ruch, in special advices to the New York "Times." In stating that this was learned on the date of the dispatch, Mr. Ruch went on to say:

It may be stated on high authority that the UAW has decided, in concert with the CIO, that to make a fresh wage demand at this time might set an inflationary spiral in motion. At the same time, the leaders of the UAW feel that the increase of 18½ cents an hour which was won last winter through the strike against the General Motors Corporation has been wiped out through price increases.

According to these sources, the executive board of the CIO at a meeting in Washington last week voted unanimously to abandon the trend of labor unions in this country to seek wage increases to consolidate the gains won last winter. As one leader put it:

"We want to be sure that there are still 100 cents in the dollar."

This matter will be on the agenda for the meeting of the international executive board of the UAW, beginning Aug. 5 and it is expected to emerge as the established policy of the largest union in the world.

Inasmuch as Philip Murray, President of the CIO, and Walter P. Reuther, President of the UAW, have had such a meeting of minds with the other members of the CIO council, it was believed that automotive labor would adopt an attitude of watchful waiting for the next few months to determine whether the new set of national price and rent controls could hold down the lid on the cost of living.

On the same date as the above advices (July 27) another dispatch to the New York "Times" from Detroit made known that an invitation had been sent by Mr. Reuther, UAW-CIO President, to the heads of the automobile industry to join leaders of the United Automobile Workers, CIO, in a conference on how to increase automobile production. Aug. 2 was suggested as the time, said the dispatch, which further stated:

Mr. Reuther said that all the union's regional directors and its four top international officers were ready to attend the conference.

"Together we can tackle and lick the problem of getting the industry into maximum production," he asserted in his letter of invitation.

He expressed himself as deeply concerned that automobile output was only 40 to 50% of the 1941 rate. He disputed the assertions in some quarters of the industry that the lag was caused by strikes in suppliers' plants.

"A survey of the UAW-CIO," he said, "indicates that the few strikes current in the auto parts and auto suppliers' plants could not possibly account for the current low levels of auto production.

"We believe the practical way to get the facts is to get the heads of the industry together with the heads of the union so that jointly they can analyze the situation in detail.

"When we get the facts, when we know what the obstacles are, we can make every effort to get them out of the way.

"Whatever the reasons are, the UAW-CIO is just as eager as management to get the industry into maximum production. No one can doubt that failure of the auto industry to obtain full production is now having and will continue to have a very bad effect on the whole nation."

Plan Hearing on Union's Petition for Sole Bargaining Rights in Wall Street Firm

United Financial Employees—which claims it is definitely not affiliated with either CIO or AFL as some people may think but is independent—seeking exclusive bargaining rights for employees of Harris, Upham & Co. Contracts raising wages 25% to be sought this summer also with five other firms on "Street."

A hearing will be held by the State Labor Board next Tuesday on the petition of the United Financial Employees for a certificate as exclusive bargaining agent for the employees of Harris, Upham & Co. If the U. F. E. wins its point, it is likely that a date will be set for an election among the employees of the firm to confirm the union's contention that it does represent a majority of them.

The U. F. E. which claims that it is definitely not affiliated with either the C.I.O. or the A.F. of L as some people may think but is independent says that it intends to seek contracts, drawn on a multiple basis, with the larger firms first and all the important firms eventually in the Wall Street district. Its campaign to organize these houses coincides with its efforts to obtain another contract with the New York Stock Exchange and affiliated institutions. In these negotiations, the union is seeking a 25% increase in wages.

In addition to Harris, Upham & Co., the firms for the employees of which the union proposes to seek bargaining rights this summer include Carl M. Loeb Rhoades & Co.; Paine, Webber Jackson & Curtis; Carlisle & Jacquelin; Thomson & McKinnon, and Merrill Lynch, Pierce, Fenner & Beane. The union leaders talk belligerently about a strike to reinforce their demands but no strike vote has as yet been taken among the U.F.E. membership though one is reported contemplated for next month.

There is very little doubt in the minds of the union leadership itself that the outcome of its approach to Harris, Upham & Co might very well set the pattern for its success or failure with the other firms on the "street." Thus in union circles, more than just ordinary interest centers around the hearing next week and subsequent dealings which the U.F.E has with Harris, Upham & Co. It is the union's plan eventually to organize the banking and insurance fields also.

American Securities Corporation Formed

American Securities Corporation, which with an initial capital of $3,500,000 will conduct an investment banking business and act as dealer in corporate and municipal securities, has opened for business in temporary offices at 40 Wall Street, New York City. Perma-

William Rosenwald

Charles G. Terry

Elmer G. Diefenbach

nent offices at 25 Broad Street will be occupied about Sept. 1.

Officers of the new organization are: William Rosenwald, chairman of the board; Charles G. Terry, president; Elmer G. Diefenbach, chairman of the executive committee; Frederick A. Terry, vice president and treasurer; Emdon Fritz, vice president, and David Malzman, secretary. Stroock & Stroock & Lavan will act as general counsel.

Mr. Rosenwald, active in civic affairs and well known as a philanthropist, was born in Chicago, the son of Julius Rosenwald who also was nationally known as a philanthropist and who was chairman of the board of Sears, Roebuck & Co. for many years

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Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Banks and Bank Shares—Semi-annual comparative study of 38 banks of major importance throughout the country, showing changes in asset composition, book values, earnings, etc.—Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

City of Philadelphia Bonds—Valuation and appraisal—Stroud & Co., Inc., 123 S. Broad Street, Philadelphia, Pa.—Also a valuation and appraisal of **Railroad Equipment Certificates** and a compilation of **Pennsylvania Legal Bonds**—Stroud & Co., Inc., 123 South Broad Street, Philadelphia, Pa.

Geared to the News—Brochure of comment and review containing brief analyses of **Rhinelander Paper Co.; Cleveland Worsted Mills; Gisholt Machine Co.; Northwest Engineering Co.; Plymouth Cordage Co.; La Plant-Choate Mfg. Co.; Mohawk Rubber Co.; Oneida, Ltd.; Nathan Straus-Duparquet; MacFadden Publications,** Inc.—Strauss Bros., 32 Broadway, New York 4, N. Y.

Fortnightly Investment Letter—Comment on several rail and power situations—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Household Furnishings — Study of favorable earnings outlook—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Market Operations Under 100% Margin Requirement Rules and Regulations—Bulletin prepared by Noel Brown, Reynolds & Co.—Issued by the Cashiers Association of Wall Street. Copies available from Joseph Hughes, Blair & Co., Inc., 44 Wall Street, New York 5, N. Y., or from Mr. Brown at Reynolds & Co., 120 Broadway, New York 5, N. Y.

Market Trends—Current situation—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

New York City Banks—Comparison and analysis for second quarter of 1946 on 19 New York City banks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Railroad Reorganizations—Status of several pending reorganizations—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

American Window Glass Co.—Analytical brochure indicating speculative possibilities — Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

American Insulator Corp of Delaware — Statistical study — Peter Barken, 32 Broadway, New York 4, N. Y.

Argo Oil Corp.—Descriptive circular—Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York 4, N. Y.

Also available are circulars on **Tennessee Products, Temple Coal,** and **Wellman Engineering.**

Aspinook Corporation—Circular—Ward & Co., 120 Broadway, New York 5, N. Y.

Also available are memoranda on **W. L. Douglas Shoe Co.; General Tin; Hartford Empire; Lanova Corp.; Mohawk Rubber; New Jersey Worsted; Oil Exploration;** and **Taylor Wharton Iron & Steel; Barcalo; Haloid.**

Bank of Manhattan—Circular—Kugel, Stone & Co., Inc., 20 Broad Street, New York 5, N. Y.

Bird & Son, Inc.—Memorandum — Buckley Brothers, 1420 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **Gruen Watch Company** and **Haloid Company.**

Chicago Corporation — A new analysis of the company, which is now listed on the N. Y. Stock Exchange, with special reference to the Oil and Gas Division—Hicks & Price, 231 South La Salle Street, Chicago 4, Ill.

C. H. Dutton Company—Analysis for dealers only on 66-year old company with interesting prospects—Moreland & Co., Penobscot Building, Detroit 26, Mich.

Dwight Manufacturing Co. — Descriptive analysis—du Pont, Homsey Co., 31 Milk Street, Boston 9, Mass.

Also available is an analysis of **Utica Knitting Mills.**

Empire District Electric—Memorandum—Buckley Brothers, 1420 Walnut Street, Philadelphia 2, Pa.

Grinnell Corporation — Memorandum indicating interesting outlook—F. J. Young & Co., Inc., 52 Wall Street, New York 5, N. Y.

Hammond Instrument Co. — Analysis—Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

Higgins, Inc. — Analysis of the situation and prospects for appreciation—J. F. Reilly & Co., Inc., 40 Exchange Place, New York 5, N. Y.

Iowa Public Service—Analysis—Josephthal & Co., 120 Broadway, New York 5, N. Y.

Kearney & Trecker—Up-to-date comment and tabulated history available to dealers—Ask for data CC on **Kearney & Trecker**—Blair F. Claybaugh & Co., 52 Wall Street, New York 5, N. Y.

Long-Bell Lumber Co. — New revised brochure—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Midland Utilities — Circular — Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Also available are circulars on **Midland Realization** and **Chicago South Shore & South Bend.**

Miller Manufacturing Co.—Study of company and wholly owned subsidiaries—for dealers only—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available is a detailed analysis of **Hydraulic Press Mfg. Co.**

Montgomery Ward—Descriptive circular—Josephthal & Co., 120 Broadway, New York 5, N. Y.

Munising Paper Co.—Detailed study of situation—Sills, Minton & Co., 209 South La Salle Street, Chicago 4, Ill.

National By-Products Inc.—Analysis—Brailsford & Co., 208 South La Salle Street, Chicago 4, Ill.

National Gas & Electric Corp.—Late memorandum on a stock offering combination of improving utility income, together with excellent speculative possibilities from oil developments—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

National Terminals Corporation—Late memorandum for dealers only—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

New England Lime Company—Descriptive circular — Dayton Haigney & Co., 75 Federal Street, Boston 10, Mass.

Northwest Leather—Analysis — Raymond & Co., 148 State Street, Boston 9, Mass. Also available are analyses on **Sterling Motors, Buda, Pollak.**

Panama Coca Cola—Circular on interesting possibilities — Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Fred B. Prophet Company—Detailed memorandum—De Young, Larson & Tornga, Grand Rapids National Bank Building, Grand Rapids 2, Mich.

Rockwell Manufacturing Co.—Analysis—Steiner, Rouse & Co., 25 Broad Street, New York 4, N. Y.

Standard Stoker Co.—Current memorandum—G. A. Saxton & Co., 70 Pine Street, New York 5, N. Y.

St. Louis Public Service "A" — Detailed memorandum — First Securities Company of Chicago, 134 South La Salle Street, Chicago 3, Ill.

Also available is a memorandum on **Standard Milling Co.**

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation,** 350 Fifth Avenue, New York 1, N. Y.

Sheller Manufacturing Corp. — Recent report—**Mercier, McDowell & Dolphyn,** Buhl Building, Detroit 26, Mich.

Syracuse Transit Corporation—Study of situation and outlook—J. V. Manganaro Co., 50 Broad Street, New York 4, N. Y.

NSTA Notes

NSTA ADVERTISING YEARBOOK NOTES

With great pleasure, your Advertising Committee reports that we are over $31,000 in advertising and it appears by the time we are going to press, we will double last year's gross.

We must recognize Hart Smith & Company who have contracted for the back cover of our picture Year Book and this represents the largest premium space offered this year; also, may we remind you that this firm has duplicated last year's contract. Many thanks to you Bill.

Our publisher, Mr. Herbert D. Seibert, did not anticipate the film shortage when this gigantic task of publishing the pictures of our entire membership was undertaken. However, in spite of this hold-up, much progress has been made and his photographers have reported marvelous cooperation from Detroit through Ray Bernardi, from Chicago through Paul Yarrow and through Don Summerell in Los Angeles. With the deadline fast approaching, we hope all the officers and chairmen of both N.S.T.A. and the local affiliates will double their efforts and use their own initiative to assist the publisher of the "Chronicle" by having members that have not already done so forward directly to Herbert D. Seibert, 25 Park Place, New York 8, N. Y., a photograph or snapshot of themselves with their name and firm connection on the reverse side. In other words, let us not delay but help voluntarily.

We are pleased to report up to July 29th, the following affiliates have shown increased advertising over last week:

Los Angeles	$160.80
San Francisco	110.00
Chicago	316.80
New Orleans	60.00
Boston	170.00
Detroit	263.60
New York	1,963.60
Cleveland	60.00
Philadelphia	218.40
Houston	258.40

KIM your picture Year Book for reference in the future.

HAROLD B. SMITH, Chairman
National Advertising Committee
Collin, Norton & Co., New York

A. W. TRYDER, Vice Chairman
National Advertising Committee
W. H. Newbold's Son & Co., Phila.

NSTA NOMINATING COMMITTEE

The following have been appointed to the Nominating Committee of the National Security Traders Association:

Chairman: Wm. Perry Brown, Newman, Brown & Co., 326 Hibernia Bank Bldg., New Orleans 12, La; Oliver Goshia, Goshia & Company, Ohio Building, Toledo 4, Ohio; Joseph Gannon, May &

Gannon, 31 Milk St., Boston 9, Mass.; Howard Morton, McMaster, Hutchinson and Company, 105 S. La Salle St., Chicago 3, Ill.; Chester deWillers, C. E. deWillers Co., 120 Broadway, New York 5, N. Y.

This Committee was selected after full cooperation and suggestions from the Executive Council, National Committee-men Presidents of Affiliates, etc.

Mr. Brown has requested all Past Officers and Members of the Executive Council to send in their views and suggestions for nominations. He states that this group are in a better position than anyone else to offer names for nominations as they are qualified in knowing the amount of work involved in accepting office as an official of the N. S. T. A. They likewise know the men in various sections of the country who will work and just not take the nomination for publicity purposes.

Mr. Brown further states that he has requested suggestions not only from the Presidents of all the affiliates of the N. S. T. A. but from every individual member and that the Nominating Committee is giving everyone every opportunity to be helpful in the final selection of officers for the coming year.

The following Amendments to the Constitution will be presented for vote in Seattle in September:

1. Increase Executive Council members from seven to nine.
2. Have retiring ex-officio member of Executive Council, automatically, each year, be Chairman of the Nominating Committee.
3. Increase number of Nominating Committee from five to nine.
4. The eight appointed members of Nominating Committee shall come: Two from the East; two from the Middle West; two from the South; two from the Far West.

It is understood that the Security Traders Association of New York will sponsor an additional amendment.

NSTA MEMBERSHIP COMMITTEE REPORTS


R. Jeremy Glas

R. Jeremy Glas, Glas & Crane, New Orleans, chairman of the membership committee of the National Security Traders Association, reports that the Pittsburgh Security Traders Association, with a membership of over one hundred and the Nashville Security Traders Association, with a membership of over thirty-five have become newly affiliated with the National organization. Twenty-eight new individual members have joined the Association this year. An objective of fifty new individual members has been set by the Committee which feels that their enrollment would strengthen the NSTA internally and broaden its influence by increasing its representation geographically.

Silver Price Prospects

OPA expected to raise ceiling on silver bullion in accordance with recently enacted legislation, but has no plans to change existing ceilings on silver products. Treasury Secretary Snyder says 475 million ounces lent to war industry is being returned.

WASHINGTON, July 30.—If President Truman does not sign the recently passed Silver Bill by Saturday night, it becomes law automatically. It is reported that OPA, whose present ceiling on silver bullion is 71.11 cents per ounce, is planning to lift it as soon as the new bill becomes law. OPA has been considering both the removal of the ceiling entirely and alternatively, its advance to 90½ cents, which is the price at which the new bill authorizes the Treasury to sell surplus silver to industry and at which the bill also requires the mints to accept newly-mined domestic silver. OPA's ceiling applies to all silver, including imported metal. However, present indications are that OPA will increase the ceiling on silver bullion to 90½ cents, rather than remove it entirely.

At OPA headquarters the "Chronicle" learns that fabricators of silver at present plan no increase in the prices of their products, notwithstanding the higher cost of their raw material as a result of recent events. Therefore, for the present at least, OPA has no plans to change existing ceilings on silver products.

At today's press conference, Treasury Secretary Snyder stated that approximately 475,000,000 ounces of silver used in war plants is now commencing to return to the Treasury. The principal users of the silver were aluminum plants. The small amounts of impurities such as oil and sulphur picked up by the silver while in war use in industry will not affect its utility for coinage, the Secretary stated. Hence reprocessing will be unnecessary. Whether any loss has been sustained, as through oxidation, the Treasury has not yet determined.

Skinner Now With Boston Management

BOSTON, MASS.—Boston Management and Research Co., manager of Boston Fund, open-end investment company with total net assets of approximately $25,000,000 announces that Ernest L. Skinner has become associated with them as securities analyst and associate in field research.

Mr. Skinner is a graduate of Columbia University and for the last six years has been manager of the Investment Department of the Boston Mutual Life Insurance Company.

Mead Sees Danger In Business Concentration

New York Senator, asserting that big concerns now hold inside track in picking up peacetime operations of smaller competitors, urges passage of bill to create a Federal Small Business Finance Corporation.

Senator James F. Mead (D.-N. Y.), appearing before the Senate Banking and Currency Committee having under consideration Senate Bill 1320, which would create a Small Business Finance Corporation, to assist small concerns to obtain intermediate and long-term capital, spoke strongly in favor of the measure and cited the trend toward revived economic concentration in large corporations as a threat in our present economic scheme.


Sen. James M. Mead

"Recently," said Senator Mead, "there has come out of the Senate Small Business Committee a document under the title 'Economic Concentration and World War II,' which has brought us face to face with the dire possibilities involved in this question of the retention of small business in our economic scheme. This report, I understand, offers us no panacea, but only paints a picture, in terms of facts and statistical information, that is demonstrative of that which has been taking place in this country over the years in the extension of economic concentration, now augmented by the necessities and happenings of a world conflict through which we have just successfully emerged.

"Today we are swamped in a rising tide of business concentration. It is impressed upon us that, due to their favorable position, larger corporations were enabled during the war to hold back civilian production by the smaller industries until such time as the big concerns had completed their war contracts and were standing ready to pick up peace-time operations ahead of their smaller competitors. They have held the inside track in many ways, especially with respect to certain surplus property disposal policies. The report of the Small Business Committee, in a word, by the statistical evidence presented in its many pages, confirms our worst fears. The problem is more acute than ever before in our history."

"The Senate" Senator Mead also asserted, "would terminate the

(Continued on page 645)

Financing Difficulties Of Small Business

By THEODORE N. BECKMAN*
College of Business Administration
Ohio State University

Prof. Beckman asserts that preservation of small business side by side with big business is essential to our economic system. Points out that old-time sources of capital of small business have dried up, since local capitalists now buy stock and bonds of large concerns. Favors Mead Bill setting up a Federal small business financing corporation, and holds provision for $1 billion capital is adequate.

For more than 10 years I have been convinced that the preservation of small business side by side with big business is essential in order to have such an economic system. I have been equally convinced that small business cannot be preserved in sufficient force and with the necessary vitality unless a favorable climate is created for its existence and for its successful operation.

One of the basic conditions for such a climate is the adequate financing of such enterprises, particularly for interim and long-term needs. Once proper equity capital and long-term credit is provided, this financial underpinning will be sufficient to enable small business again to get all the necessary short-term credit from the ordinary commercial banking institutions that may be needed to operate their business.

What it needs is this financial underpinning in the form of equity capital and long-term credit.

The need for intermediate and long-term capital is basic and in my opinion it will be just as important two years from now, and ten years from now, as it was before the war. The reasons for such basic need are fundamental.

Old Capital Sources Dried Up

In the first place the old forces of securing such capital have dried up. A small businessman if he needed additional funds besides what he accumulated, married or inherited, could go to a local capitalist and get him interested in his venture and that capitalist would take a chance.

Now this local capitalist has a different way of investing his surplus funds. He buys stocks and bonds in large corporations. He

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*Statement of Dr. Beckman before Senate Banking and Currency Committee, July 25, 1946.

Frederick Callender With Staff of Lester & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Frederick B. Callender has become associated with Lester & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange. In the past he was with J. A. Hogle & Co. and Davies & Co.

Sherly With G. J. Case

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — John M. Sherly has become associated with G. J. Case & Co., 208 South La Salle Street. He has recently been with the Reconstruction Finance Corporation. Prior thereto he was a partner in Case, Bosch & Co.

Pennsylvania Brevities

P. T. C. Stopgap Fare Refused

Last week the Pennsylvania Public Utility Commission refused Philadelphia Transportation Co.'s petition for an immediate temporary fare increase to act as a stopgap until Nov. 5, when the Commission will rule on the company's application for a permanent fare increase.

S. Graff Miller, counsel for PUC, observed that the company's petition failed to include any proposal that a rebate be provided for any excess fares paid by patrons. G. Coe Farrier, assistant Philadelphia city solicitor, also objected to the petition. Hearings before Commissioner Houck on the request for a permanent increase will be resumed Aug. 13.

Liebert & Obert

Stock of Liebert & Obert, recently underwritten and distributed by Newberger & Hano, Philadelphia, has declared an initial quarterly dividend of 12½ cents per share. In announcing the distribution, President Nathaniel F. Cooper stated this policy was conservative, earnings for the June quarter being slightly over 48 cents a share. He stated the board would wait until the end of the fiscal year, March 31, 1947, before acting upon the possibility of an extra dividend. Company has taken preliminary steps toward changing its name to Cooper Brewing Co. and plans to list its stock on the Philadelphia Stock Exchange and the New York Curb.

Baldwin Locomotive Works has announced receipt of foreign orders for 32 steam locomotives, 12 of which are for Chilean State Railways. Ten each are for the accounts of National Railway of Mexico and Finnish State Railway. Additional recent domestic orders for Diesel-electric locomotives include six for Missouri-Kansas-Texas, four for Erie, two for Western Maryland and one for American Rolling Mill.

Penroad Corp.

Among portfolio changes in the first half year, Penroad Corp. reveals the acquisition of 156,577 shares of its own stock at an average cost of $8.21 per share. Other principal purchases included 41,666 shares Taca Airways, 37,500 shares Eversharp, Inc., 25,000 shares Tennessee Gas & Transmission and 1,000 shares Interchemical Corp.

Wellington Fund

The six months report of Wellington Fund states: "It must be realized that we are in the fifth year of a bull market and Wellington has been 'salting away' investment profits by gradually reducing stocks and other securities selected for appreciation." During the period cash and government bonds held by the fund increased to 26.95% of resources, compared with 19.48% six months ago. Common and preferred stock holdings declined to 44.03% from 47.62% as of the year end. Total resources on June 30 stood at $34,649,907, up from $26,911,309.

Pittsburgh Railways Co.

W. D. George and Thomas Fitzgerald, Trustees of Pittsburgh Railways Co. have issued a belated report of 1945 operations. It states: "Total operating revenues of the street railway and feeder and shuttle bus operations for the year 1945 amounted to $21,720,848, and were $239,902, or 1.1% greater than in 1944. Street railway passenger revenue was $20,415,623, and revenue from feeder and shuttle bus routes was $1,061,170. The balance, amounting to $244,055, represented revenues from advertising in cars, special car movements and other miscellaneous operating revenues."

A total of 123 additional new PCC type cars were received and placed in operation in 1945. The remaining two cars of the latest order for 100 were delivered in January, 1946, bringing the total to 566 modern cars. Included in the fleet is an experimental postwar all-electric car embodying improved braking equipment, smoother power control, speed governing relays that limit maximum speed, improved acceleration on up-grades. Electric operation is provided for all equipment formerly operated by air. From the viewpoint of passenger comfort, the car has such features as greatly improved ventilating system; Lustrecool glass in all windows which absorb 60% of heat rays of the sun; standee windows; even spacing of seats and windows; arm rests; forward-facing seats throughout, and plastic fabric seat covering.

While figures given in the Trustees' report are now some six months old, investors interested in the system's outstanding securities will be gratified to know that revenues for the current year are approximately 6% greater than last year. It is reported that cash in the hands of the Trustees is now approximately $22,800,000.

Warner Company

Following recapitalization last fall, which included the retirement or exchange of two issues of preferred stock, Warner Company, on July 15, paid an initial dividend on its outstanding common of 15 cents per share. Investment circles regard the distribution as extremely conservative. In 1945, well before the construction boom was under way, Warner earned $1.16 on its present capitalization. In May of this year, citizens of Philadelphia approved appropriations of about $78,000,000 much of which is to be expended for civic improvements falling within Warner Company's scope of activities. It is reported that sales in June were the largest of any month in the company's history.

Tacony-Palmyra Bridge Co.

Present indications are that results for 1946 may come close to or exceed 1941, which was the best year in the firm's history. Earnings for the first six months of the current year moved sharply upward in response to increased automobile traffic. Company reports net profit for the period of $144,834, equivalent, after preferred requirements, to $2.10 per share on the combined Class A and common. This corresponds to 64 cents earned in the comparable period of 1945 and to $1.96 for the full year 1945. In the first half of 1946, 1,388,915 vehicles used the span. Normally greater traffic is expected in the last half of the year.

A total of 63,667 vehicles crossed the Delaware River Bridge between Camden and Philadelphia Sunday, July 28, setting a new 1946 record for the third consecutive Sunday and establishing the heaviest day's traffic since Sept. 7, 1941.

McCahan Sugar Refinery

Paul P. Woehrle, manager of McCahan Sugar Refinery, Philadelphia, announced last week that the plant, a subsidiary of American Sugar Refining Co., would shut down Aug. 8 "due to the continuing and critical shortage of raw sugar." The complete line of McCahan's Sunny Cane sugar will be produced at the Franklin Refinery in Philadelphia and other refineries of American Sugar Refining Co. and the McCahan sales organization will be maintained.

Philadelphia Stock Exchange has approved for listing $30,000,000 Philadelphia Electric Power first 2⅝s, 1975.

Sharon Steel Corp., Pittsburgh, reports estimated June quarter profit in excess of $275,000, or 50 cents on the common, against loss of $343,339 in first period and net of $364,793, or 74 cents, in 1945 quarter.

Mellon National Bank and Trust Co.

Capital of the new Mellon National Bank and Trust Co., resulting from the merger of Mellon National Bank and Union Trust Co. of Pittsburgh, will be $60,100,000. Surplus of the bank will be $90,000,000 and undivided profits not less than $10,000,000. In point of capital structure, the bank will be fifth largest in the country following only Chase National, Guaranty Trust and National City of New York and the Bank of America in San Francisco. In resources the new bank will rank 16th in the nation.

Henry S. Davis has been named manager, eastern division, Philadelphia Electric Co., with headquarters in Jenkintown, to succeed the late W. G. Sterrett.

John A. Lawler, controller of Bell Telephone Co., of Pennsylvania, has been elected a member of Philadelphia Control, Controllers Institute of America.

Philadelphia Stock Exchange Oldest in America

Thirty years before the Revolutionary War, James Hamilton, then Mayor of Philadelphia, contributed the sum of 150 pounds "to be applied toward the building of an exchange in this city for the like uses unto that of the Royal Exchange in London, or to the erecting of such other publick edifice in this city as the Mayor and Commonalty shall see fit to order and direct."

That date, Oct. 7, 1746, marks the first of a chain of events which has moved historically forward for two hundred years.

Mayor Hamilton's contribution was followed, somewhat erratically, by succeeding mayors up to 1753 at which time the aggregate of the "exchange fund" stood at 520 pounds. Although the so-called "Mayors' fund" was not put to use immediately, the idea of establishing a merchants' exchange had taken firm root. The April 11, 1754, issue of Bradford's Journal contained notice that:

"Subscribers to a public coffeehouse are invited to meet at the Court House on Friday, 19th instant, at three o'clock to choose trustees, agreeable to the plan of subscription."

A total of 232 merchants contributed 348 pounds. As a result, William Bradford established the London Coffee House located at Front and High Streets "for trade in goods and commodities." The London Coffee House flourished as the nucleus of the city's business until well into the Revolution.

Following the war, William Bradford, who had served with distinction under General Washington, returned to Philadelphia to find that his London Coffee Shop had lost its popularity to a rival. In 1780 he retired from its charge and the newer City Tavern became the center of Philadelphia's trade and commerce.

The actual history of the present Philadelphia Stock Exchange began in 1790. That year, an association of brokers was formed and Matthew McConnell was elected first President. The oldest known record of security quotations in this country is the "Price Current of Stocks," which was printed on a 3 by 6-inch paper and is now in the possession of the Secretary of the Exchange. It is dated April 10, 1792, and signed by Samuel

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First Boston-Mellon Merger Effective Today; New Officers Elected at Board Meeting

Merger of Mellon Securities Corporation with and into The First Boston Corporation was approved at special meetings of stockholders of the two leading investment banking firms held in Boston and Pitts-

John R. Macomber

Allan M. Pope

Harry M. Addinsell

burgh July 29. The merger will become effective on Thursday, Aug. 1 and the business will be continued under the name of The First Boston Corporation. John R. Macomber will be Chairman of the Board of Directors, Allan M. Pope, President and a member of the Executive Committee and H. M. Addinsell, Chairman of the Executive Committee.

Eight new directors were elected. They are F. A. Cannon and Edward H. Ladd, III, Vice

Jas. Coggeshall, Jr.

George D. Woods

Presidents of The First Boston Corporation, and Hugh D. MacBain, A. B. Brushaber, George J. Gillies, S. Davidson Herron, James M. Land and Arthur B. VanBuskirk, who have been Vice Presidents of Mellon Securities Corporation.

Other directors of The First Boston Corporation are Harry M. Addinsell, Charles F. Batchelder, James Coggeshall, Jr., Eugene I. Cowell, Nevil Ford, Joseph W. Hambuechen, Arthur B. Kenney, R. Parker Kuhn, Aubrey G. Lanston, Duncan R. Linsley, James A. Lyles, John R. Macomber, John C. Montgomery, Louis G. Mudge, James H. Orr, Allan M. Pope, William H. Potter, Jr., Frank M. Stanton, Winthrop E. Sullivan, George D. Woods and Adolphe H. Wenzell.

New Officers Elected

At the first meeting of the enlarged Board of Directors of The First Boston Corporation held in New York, Tuesday, July 30,

(Continued on page 637)

Economics in One Lesson

By Henry Hazlitt, Harper & Bros., New York and London, pp. 222, $2.00. (Book Review)

Intermittently for a good many years past the present reviewer has been under the temptation to undertake a twentieth century adaptation of "Sophismes Economiques," or a modernized version of "Ce qu'on voit et ce qu'on ne voit pas." Now he can rest "tres content." Henry Hazlitt has done the job—and, needless to add, done it far more effectively than this reviewer could have hoped to do it.

Henry Hazlitt

There is still room for further application of the technique of Frederic Bastiat, but only a master of gentle irony, of subtle humor and of clever conversation could add to the work of Mr. Hazlitt. And it is by no means certain that these ornaments, as delightfully as they flowed from the pen of Bastiat a century ago, would add to the effectiveness of an effort to combat the economic fallacies so common today. They would enhance the enjoyment of those who need no convincing, but well might stand in the way of a full hearing by those who need enlightenment.

But, however that may be, Mr. Hazlitt has said simply, interestingly, and convincingly what so many Americans (and others for that matter) need so much to read or hear—and believe. The book is in the best sense of term basic economics made easy.

The author is convinced that to understand economics it is necessary to consider not merely the immediate but the longer-term effects of any act of policy, and to trace the consequences of that act or policy not merely for one group but for all groups in the population. He believes that failure to recognize the fallacies of much of what today passes for economics or sound economic statesmanship flows from failure to do just this.

Mr. Hazlitt proceeds to take popular notions of the day, one by one, and subject them to the tests thus suggested. He lists popular programs, and inquires not only what their immediate but their ultimate effects are likely to be not only upon the groups for whom these schemes are hatched but upon all the others which must come under the influence of them. He begins with a broken window and ends with the current assault on saving.

There is a little essay on the blessings of destruction; a brief disquisition about disbanding troops and bureaucrats; and a short discourse on the fetish of full employment. Spread-the-work notions, the drive for exports, government price fixing, the mirage of inflation, and "parity" prices come in for careful analysis. The author wants to know who is protected by tariffs, and if the unions really raise wages. There is good sound sense in his analysis of the function of profits, and the workings of the price system.

In all there are some 22 current topics treated in this most delightful and enlightening way—current topics about which endless popular misunderstanding exists throughout the world today. It is in the manner of presenting truth that the author excels. The doctrines are the doctrines of sensible people everywhere. It is the purpose of this book to bring them home to the great rank and file.

It is the hope of this reviewer that it will succeed. If so, the world will be eternally indebted to Mr. Hazlitt. His contribution would in that event be every whit as great as that of the masters who long ago formulated the truths so long hidden from the victims of the perennial demagogue.

Administrative Procedure Act

Text of Legislation enacted by Congress to regulate and curb judicial powers of government agencies. Will affect proceedings of ICC, SEC, Federal Power Commission and Federal Trade Commission. Provides for full right of judicial review unless precluded by statute.

The "Administrative Procedure Act" (Public Law 404 — 79th Congress) which was approved by President Truman on June 11, and which is of peculiar interest to business in that it regulates and curbs the procedure and judicial powers of the numerous government agencies, which exercise wide and discretionary authority, has now been published. Inasmuch as it affects the activities of several commissions which now exercise authority over business and finance such as the Securities and Exchange Commission, the Interstate Commerce Commission, and the Federal Trade Commission, the "Chronicle" is printing below the full text of the Act:

[Public Law 404—79th Congress]
[Chapter 324—2d Session]
[S. 7]

AN ACT

To improve the administration of justice by prescribing fair administrative procedure.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE

Section 1. This Act may be cited as the "Administrative Procedure Act".

Definitions

Sec. 2. As used in this Act—

(a) *Agency.*—"Agency" means each authority (whether or not within or subject to review by another agency) of the Government of the United States other than Congress, the courts, or the governments of the possessions, Territories, or the District of Columbia. Nothing in this Act shall be construed to repeal delegations of authority as provided by law. Except as to the requirements of section 3, there shall be excluded from the operation of this Act (1) agencies composed of representatives of the parties or of representatives of organizations of the parties to the disputes determined by them, (2) courts martial and military commissions, (3) military

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Paul M. Ohnemus With Doyle, O'Connor & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Paul M. Ohnemus has become associated with Doyle, O'Connor & Co., 135 South La Salle Street. Mr. Ohnemus formerly served in the U. S. Army as Captain in the Signal Corps. Prior thereto he was an officer of Enyart, Van Camp & Co., in charge of the Tax Warrant and Bond Trading Departments.

Public Utility Securities

New England Gas & Electric

On July 17th Federal Judge Ford approved the recapitalization plan (previously approved by the SEC) of New England Gas & Electric Association. The company has announced that it intends to advertise early in August for competitive bids for $22,500,000 20-year Collateral Trust bonds, and up to 1,568,980 new common shares. On the completion of these sales consolidated senior capital will consist of $9,580,000 subsidiary funded debt together with the new collateral trust bonds of the parent company. The top company's funded debt will be reduced about one-half and its preferred stock will be eliminated. Total common stock will amount to some 2,300,000 shares.

Consolidated pro-forma earnings as reported to the SEC indicate earnings per share of 87¢ before sinking fund requirements on the new bond issue, and 77¢ per share after the sinking fund (for the 12 months ended May 31, 1946, pro-forma earnings were slightly lower at 74¢). The new Board of Trustees has indicated that an initial quarterly dividend of 15¢ a share will be paid about Dec. 23, making an annual rate of 60¢.

The amount of common stock to be issued remains somewhat uncertain, being dependent on the winning bid. Enough common stock will be sold to provide the company with $11,500,000 cash. The company would then issue 15½% of the balance of the 2,300,000 shares (subject to limitations) while the remaining 84½% would be allocated to holders of the $5.50 dividend preferred stock and any unused portion would be offered to the public. NY PA NJ Utilities Company and Associated Utilities Corp., which together hold 23,744 shares preferred stock, would offer at competitive bidding the common stock which they receive under the plan. The settlement with the subsidiaries of General Public Utilities Associated Gas System) reflects a compromise of long-standing claims and counter-claims resulting from the interest in the system acquired by Hopson. The present financing will terminate any relations with the GPU system, although the management of NEGEA has been independent for some years.

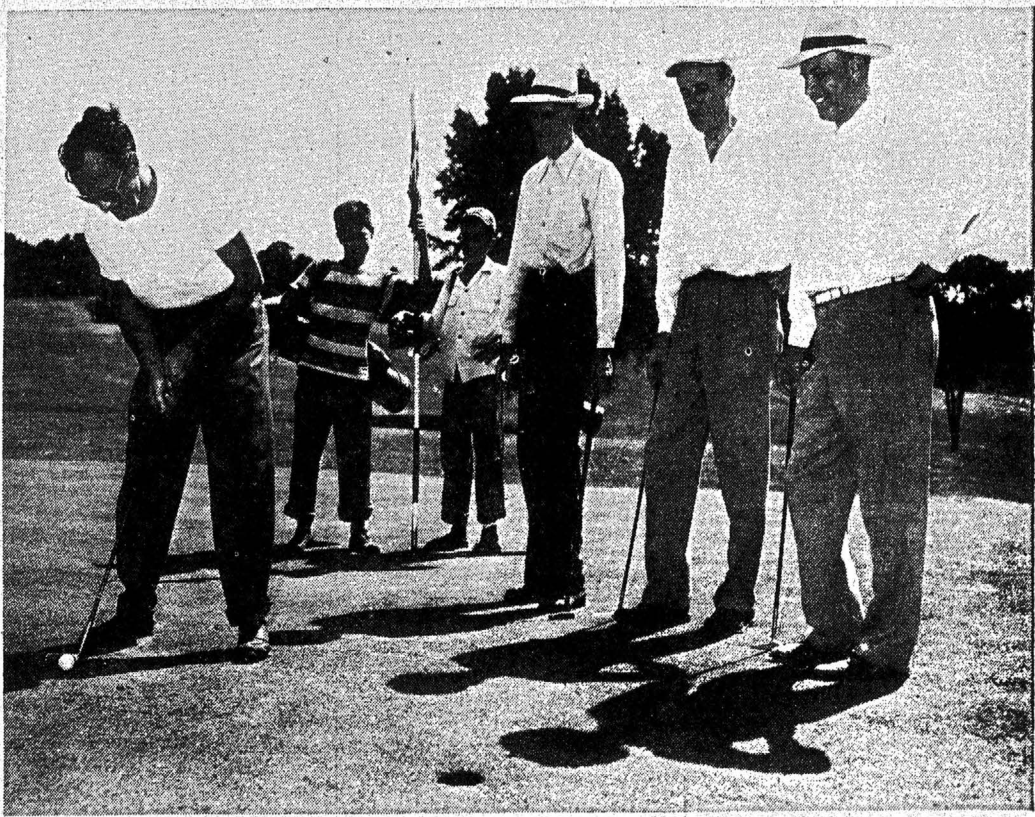
The current financing will substantially complete the system's integration program. Most of its subsidiaries are located in Massachusetts and have typically sound New England-syle capacity structures. Three subsidiaries—New Hampshire Gas & Electric, Derry Electric Co., and Lamprey River Improvement Company—are located in New Hampshire and may have to be disposed of at some future date. A preparatory step is the merger of these three companies, the securities of the two smaller companies having been donated by NEGEA to New Hampshire G. & E. The New Hampshire Companies do not constitute an important part of the system—in the neighborhood of 10 or 15%, it is estimated.

NEGEA's consolidated earnings statement for the 12 months ended May 31 showed an increase in revenues of about 5% and a gain in gross income of about 12%. While net income showed a slight decline this has little significance, since taxes were heavier due to a separate company return basis, as well as the pending capital changes.

In the calendar year 1945 about 65% of system revenues was from electricity, 33% gas and 2% steam heat. Subsidiaries serve Cambridge, Milford, New Bedford, Plymouth, Provincetown, Worcester, St. Croix, etc. System management is considered sound and practically all the subsidiaries are regular dividend payers, passing on to the top company a substantial part of their earnings.

Pending study of additional information to be made available in the bidding prospectus, it is difficult to appraise the new common stock, but a comparison with other recent issues would seem to indicate that it might be priced somewhere in the neighborhood of 12, which would reflect a 5% yield and a price-earnings ratio (using the pro-forma earning figures of 87¢ before sinking fund) of 13.7%. Any recovery in utility prices, which have shown a sagging tendency for the past few weeks, would naturally improve this estimate.

Rockford Securities Dealers Fete Illinois Dealers Assoc. Officers



ROCKFORD, ILL.—The Rockford Securities Dealers Association was host to the officers, board of directors and committee chairmen of the Illinois Securities Dealers Association for their annual golf outing at Mauh-Nah-Tee-See Country Club.

There were golf and card games for the visitors. Following a dinner in the evening, the board of directors held their regular monthly meeting at which new legislation affecting the securities business were discussed.

Officers of the State Association attending the outing were: Owen V. Van Camp, President, of Enyart, Van Camp & Co., Inc.; William H. Flentye, William H. Flentye & Co., Aurora, Vice-President; C. H. Redfield, Sills, Minton & Co., Secretary; and Edgar A. Peck, W. C. Gibson & Co., Treasurer.

Directors of the State organization are Joseph Blosser, Straus & Blosser; M. G. Kuechle, National Securities & Research Corporation; James J. O'Connor, J. J. O'Connor & Co.; Sigfred A. Sandeen, S. A. Sandeen & Co.; Herbert B. White, Herbert B. White Company; Walter Brailsford, Brailsford & Co.; Fred H. Mason, Mason, Moran & Co.; Paul R. Noonan, Dixon-Dretscher-Noonan, Inc.; David L. Shillinglaw, Shillinglaw, Bolger & Co.; Robert Strauss, Strauss Brothers; and Harry A. Trees, Paul H. Davis & Co.

Group chairmen attending were Henry Grote, David A. Noyes & Co.; Owen V. Van Camp; Harry S. MacFarlane, Alfred O'Gara & Co.; Frank Torgerson, Link, Gorman & Co.; and Edward L. Kent, Kneeland & Co.

The members of the Rockford Securities Dealers Association are Catlin, Mulford & Smith, Inc.; Conrads & Co.; Boyd J. Easton; King & Co.; Ralston Securities Co.; and S. A. Sandeen & Co.

Paul E. Conrad is president of the local group, Mr. Sandeen is Vice-President and Mr. Easton is Secretary.

John C. Ralston, Jr., of Ralston Securities Co., was in charge of arrangements for the outing, with Albert Surprise and Richard Olson of King & Co., in charge of games and prizes.

Present Reaction of Stocks No Indication Of Bear Market

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to come. There has been an almost complete divorce effected over the last 15 years between security prices and credit. In the absence of margin trading and with present debits sharply reduced, a decline in the market cannot touch off an avalanche of selling which other lenders must accelerate to protect their own loans. Moreover, the total value of corporate securities is today a much smaller fraction of our total national wealth than was true in the 1930's. A declining market may affect business sentimentally, but it will not exert any great influence on business financially. It is true that declining stock prices will make future stock financing more difficult, but even this is relatively less important than in the past because the largest corporations are already amply provided with funds and have such high credit that they tend to be free of the market for their new cash requirements.

To put it as simply as we can, we believe the following:

1. The decline which began in May in the industrial average has now gone far enough in both time and points to constitute a full correction of the preceding advance. This is not to say that it might not go further, but only to say that the chances are good that any further decline would carry back to these levels without too great difficulty.

2. The elements do not appear to be present to create one of those self-generating and accelerating declines for both securities and business which make for a bear market.

3. Money rates are low and credit is plentiful. Demand is large. It would be surprising if business could not develop adequate profit margins where the elements of money and demand are favorable.

4. Because the market is in its fifth year and is so generally held suspect by the more sophisticated buyer, it is likely to linger rather long at the final low point of this reaction.

NASD Membership Is Reported at 2,514

Membership in the National Association of Securities Dealers, Inc., on June 30 reached a total of 2,514, the highest since September, 1942, and an increase of 142 for the first six months of 1946, according to announcement by Wallace H. Fulton, executive director of the Association. The number of "registered representatives" reported by NASD as of June 30 was 23,374. The fact that 2,023 were registered since the Association's by-law establishing this classification became effective on January 15 is attributed by NASD officials to the recent increase in the number of firms engaged in the securities business and to an expansion in employee personnel.

Amendments to the Association's by-laws providing for personal registration of proprietors, partners, officers, salesmen, traders or other qualifying principals or employees of members were adopted a year ago by a vote of the membership. An applicant for registration agrees, as do members, to abide by the by-laws and rules of fair practice of the Association a[illegible] regulations and decisions there[illegible]nder. Therefore, a "registere[illegible] [illegible]presentative" now is in the sa[illegible] [illegible]t'on as a member in respe[illegible] [illegible]is "professional duties and [illegible]gations."

Kennedy Elected V.-P. Of Mpls. First Nat'l

MINNEAPOLIS, MINN. — W. Hubert Kennedy, Minneapolis business man and investment counselor, was elected a Vice President of First National Bank of Minneapolis, Minn. by the institution's Board of Directors, on July 26th. Mr. Kennedy will take up his new duties in the bank's trust department August 1, continuing until then in his present capacity as Vice President and Treasurer of Justus F. Lowe Co., Minneapolis investment counsel.

In announcing Mr. Kennedy's election, Henry H. Atwood, President, pointed to the frequency with which the bank is called upon to represent the interests of estates or trusts in the operaion or liquidaion of business enterprises, and indicated Mr. Kennedy's business and investment experience will supplement the bank's facilities in that field. After service in World War I as a major of field artillery, Mr. Kennedy was associated for twenty years with Wells-Dickey Company, Minneapolis investment firm, serving as its Vice President and Treasurer from 1931 to 1938. Thereafter he headed the Cedar Lake Ice and Fuel Company as President and director until last year when that business was sold, after which he joined Justus F. Lowe Company.

He was graduated from the University of Minnesota in 1915 and has resided in Minneapolis 18 years.

Alfred V. Smith Partner In Brady & Garvin

Alfred V. Smith has become a partner in Brady & Garvin, 115 Broadway, New York City, members of the New York Stock Exchange. Mr. Smith in the past did business as an individual, and was a partner in Frank C. Masterson & Co.

Jerome Keane Acquires Detroit Exch. Seat

DETROIT, MICH. — Jerome E. J. Keane has been admitted to membership in the Detroit Stock Exchange according to announcement just made by the Board of Governors.

Keane was formerly a member of the Exchange for a number of years, serving several terms as a governor and as chairman of various important committees.

The firm conducts a general stock brokerage and underwriting business at their offices located in the Penobscot Building under the name of Keane & Company.

Canadian Securities

By WILLIAM McKAY

"Industrial activity in Canada has been holding relatively stable throughout most of this year and recently has been gradually rising," according to the August Bulletin of LaSalle Extension University at Chicago, Ill. "It is still about 25% below the high wartime rate of a year ago but slightly above the low point of the reconversion period. It is around 50% higher than the 1937 average which was one of the best prewar years.

"The most striking gains have been in the automobile industry and in the non-metallic mineral products lines. Substantial gains have been made in the output of pulp and paper, of chemicals and many miscellaneous items. The shutdowns of lumber mills have lowered production in several lines. Output has dropped somewhat in the food, beverage, and tobacco industries as well as in meat packing.

"The trend in commodity prices is sharply upward and the wholesale price index is at the highest point since May 1921. The rate of increase has been speeding up in recent months, with the greatest rises in the last few weeks.

"Agricultural prospects are favorable and current conditions are 22% higher than average. Weather has been especially favorable in the wheat-growing prairie provinces and the wheat crop may come close to 400,000,000 bushels. Total farm output, including that of livestock and livestock products will probably exceed that of last year.

"The general trend in most lines of industry and agriculture is expected to continue to be quite favorable with more market expansion later in the year."

Wholesale and Retail Trade Steady

The Bank of Montreal reports that the wholesale and retail trade continues at a high level in all of the provinces with the exception of British Columbia where there has been a slight falling off due to the woodworkers' strike. Acute shortages were noted in many lines in Quebec and available supplies were said to be still falling short of heavy demand in Ontario. There are shortages in certain staple commodities including soap in the prairie provinces and there still are shortages in many essential lines of building supplies in British Columbia.

Steel Workers Tone Down Demand

The Canadian steel strike now boils down pretty much to being a struggle between insistence by government arbitors on a ten-cents-an-hour wage hike as the basis for settlement of the dispute and a somewhat toned-down demand by the CIO for a 15-cent rise. Original union demands were for a 19½ cent rise. The government fears inflation if the increase exceeds ten cents. Donald Gordon, Chairman of the Wartime Prices and Trade Board, told Commons Friday that if increases of more than ten cents an hour are granted the steel workers, he will not attempt to continue price controls. C. H. Millard, Canadian director of the union, has said the union would settle for "15 cents plus" and a 44-hour week. The steel companies are willing to grant a ten-cent rise but want a 48-hour week.

A development in the strike was a "dogfight" over the Hamilton works of the Steel Company of America on Monday between a union-chartered plane dropping leaflets to non-striking workers within the plant and a company plane which attempted to scare the union plane off its objective. Thousands of pickets, street spectators and workers within the plant watched the fight. Last Thursday, too, 800 employers of the Canadian Tube & Steel Products, Ltd., at Montreal struck on the grounds that the company had failed to put into effect the recommendations made several months ago by the Quebec Labor Relations Board. Meanwhile also, an order for construction of a $2,500,000 modern Great Lakes vessel at Port Arthur was cancelled by Scott Misener of Sarnia Steamships, Ltd., primarily because of "chaotic conditions prevailing at this time between law-defying labor unions and the government."

Canadian Pacific Earnings Off

The Canadian Pacific Railway Company Monday reported a decrease of $3,219,718 in net earnings for June compared with the corresponding month in 1945. The Dominion Bureau of Statistics has reported that the dollar value of sales in Canadian department stores in June was 3% higher than in June of 1945 but 8% lower than May of this year. The Bank of Nova Scotia in its current monthly review reveals that though employment in manufacturing is 20% below the wartime peak at May 1 it is 66% above the 1939 average. Dividend payments on stocks listed on the Montreal Stock Exchange and Curb in July were $4,772,051 larger than for the same month last year. July dividends totaled $22,058,594 this year and $17,286,543 last year.

Birth Rate Declining

The Dominion Bureau of Statistics, reporting a declining birth rate in Canada, states that "ultimately a stationary or even declining population is to be expected" in Canada. Families of those in managerial and professional occupations are reported much smaller than the families of unskilled laborers and farmers. French response to increasing prosperity is different from the British, it is revealed. Whereas the British tend to decrease size of family with increasing prosperity, the pattern with the French is just the reverse. Prime Minister St. Laurent told the House at Ottawa last Thursday that 4,000 single men, former members of the Polish Army, will be brought to Canada to do farm work. The Bank of Toronto has opened a branch at Dawson Creek, British Columbia and at Rocanville, Saskatchewan.

Stocks Recover

Though Canadian stock markets have very quiet, stock prices have shown a tendency to recover somewhat from recent declines, following very closely the trend in New York. Newsprint showed some strength and golds were slightly better. In New York, Canadian internal bonds weakened about a point but external bonds remained unchanged.

Challenges to the Economic Future

(Continued from page 612)

scarce to go around is pushing prices up—and fast.

Now you do not need me to explain why commodity prices are rising. Caught between the pleas of your customers for goods you don't have, and the explanations and alibis of your suppliers for raw materials and merchandise they don't have and can't deliver, you are only too well aware of the mechanics of a sellers' market from what happens every day in your own businesses. You know too that some consumers are buying more than they momentarily need and are hoarding—which constitutes not self defense but selfish defense against scarcity. You know further that some businessmen are speculating in inventory, thus strengthening the sellers' market still more because their withholding of goods accentuates the scarcity.

As one businessman to another you and I know that a sellers' market of the kind we have now is a very dangerous development, and should not and must not be allowed to get out of hand. It is bad for business because it is bad business. It leads to ever widening price gouging and unnecessary inventory speculation. It buys for the few careless and short-sighted businessmen the deadly gift of consumer ill will. It throws a cloud of doubt and suspicion over all business making it still more difficult to complete quickly the final reconversion from war to peace and ultimate return to a more balanced peacetime economy.

You can be certain that this type of profiteering sellers will be at a very definite disadvantage in the keen competition that will return when supplies are plentiful once again. For consumers have long memories—particularly when they feel they've been taken advantage of unnecessarily at a time when they needed help most.

Millions and millions of dollars have been spent to create and hold good will. Much of it can be lost in a moment of bad judgment! Yes, a momentary itching palm can destroy what many years, much hard work, and many dollars have built up.

Businessmen have it within their power to adopt policies to sustain a healthy prosperity, and properly serve our people, our communities and our Nation. They must not demonstrate a momentary weakness and a short-sighted willingness to take a temporary joy-ride on someone else's costly skyscraper prices. The short-sighted are always inclined to take the easiest way out and hope piously that catastrophe will not catch them.

Businessmen should give careful thought to the amount and extent of their inventories. It may be the better part of wisdom in the long run—with due regard for special and exceptional circumstances—to shorten some long range commitments and to consider the advisability of cancelling some or all of any duplicate orders that may have been placed. Producers and distributors would be wise to attempt to determine what proportion of orders definitely placed with them are fictitious and represent duplication. Later forced cancellations may be more costly to all of us than some cancellations now.

Businessmen should immediately review the need for any contemplated construction at this time because of the present critical housing situation. Moreover they should defer any capital outlays that can, for the time being, be postponed.

Businessmen should again take the lead in selling government savings bonds to the public. This will help drain surplus consumer purchasing power from the market until such time as adequate supplies are available. This will also help to assure consumer purchasing power in the days when its availability will be most needed.

Full Production Urgent

What is most urgent at this time is full production. This is the responsibility before all of us, and the immediate task of the businessman, the worker, the farmer, and the government. We must work at it with utmost speed and unceasing zeal. The way to improve the standard of living for everybody is to increase the production of goods and services—not to inflate the price of those now being produced.

Here again we must remember that greater production will come only from those producers who price their products within the range most consumers can afford to pay. Mass production can only continue and grow if there is mass distribution and mass consumption. In the final analysis the consumer establishes his own ceiling price. Most consumers have to! A businessman can be squeezed just as much by the consumer's inability to pay his price as he can be squeezed by any governmental control of his prices.

Businessmen have always been one of the most progressive forces in our country. It is they who created and developed the free enterprise system. It is they who today must continue to make it work. It is their responsibility to do so, and they have a perfect right to demand that all who are a part of this system cooperate to the fullest, in seeing to it that it works smoothly.

Avoiding Industrial Conflict

Whatever aches and pains we may suffer as a result of the first stumbling block of "runaway prices" may not be of long duration. Our recovery, however, will depend on how well we avoid the second stumbling block—that of industrial conflict.

This stumbling block is a very unfortunate one because it interferes with the production we are so desperately seeking to achieve. Moreover, by reducing supplies and raising costs, industrial disputes tend to force prices still higher. Should the price-wage spiral get out of hand, the labor-management strife of recent months might appear as a mere game of tiddly-winks compared to what may lie ahead.

We must remember that the past wave of strikes came very largely as a result of our inability to work out equitably and quickly the adjustments in income made necessary by the end of the war. The income of the Nation's workers who remained employed was cut substantially because of the reductions in overtime, because of down-grading, and because of shifts from high paying industries to low paying industries.

I'm not going to argue that wages can be adjusted without interfering with the profit positions of industry. That would be like telling a blacksmith how many nails the horseshoe needs. My immediate fear with regard to industrial disputes is that they will lose for us the full production that is so absolutely essential at this time—so absolutely essential from a price and profit standpoint, from a standpoint of supply of goods badly needed, and most of all from a standpoint of continuous and gainful employment.

If we can quickly and greatly increase our present production and keep it rolling without any interferences we can have our boom without the bust. If we jeopardize production in any way or manner, our promised prosperity may be like a gravy train that hit an open switch.

The Department of Commerce is charged with furthering the domestic and foreign commerce of these United States. It is strictly an advisory agency and a service agency—not a regulatory one.

Proposed Stabilization Boards

In our role as an advisory and service agency we see the threat of industrial conflict as a real danger. It is for that reason that in addressing a group of businessmen in Chicago recently I proposed, for further discussion and thinking, a possible pathway to peace in industrial disputes. It was a challenge to both management and labor, and has already aroused some interesting and worthwhile reactions.

The underlying principle of this plan is an industry-wide stabilization board headed by a paid impartial chairman, with equal representation by both management and labor. These stabilization boards would be continuous bodies, and would concern themselves only with management-labor disputes arising in their industries—disputes that cannot be settled locally or individually through collective bargaining and negotiation.

I proposed that adequate funds for the support of each board should be furnished through equal contributions from management and labor, and should be sufficient at all times to permit the impartial chairman an adequate staff which can keep him supplied with current data covering the industry and all its component parts. With such data constantly available the impartial chairman would be able to examine fully the facts of any dispute and justly determine their worth.

I also proposed that the staff of the impartial chairman should be used in making a continuous study of the industry as a whole and its many complex problems. Such a continuing study is necessary if statistical data and hard facts are not to be perverted in their use. The function of this board will not be to attempt to establish rules and regulations for the conduct of the industry. Its work will be solely for the explicit purpose of arbitrating disputes.

The collection of statistical data and facts would merely be a method of placing the impartial chairman in a position to evaluate each company case or issue not only on the basis of the immediate contentions, but what the effect of the dispute and its settlement would mean to the industry as a whole and the position of the industry as a part of the total economy.

I further stated that these stabilization boards should not be hampered by delaying legal procedures, and that each party should be free from those technicalities which so frequently impede the submission of evidence in ordinary courts of law. Now this should not be interpreted as the basis for collusive arrangements. I believe that the Department of Justice should be constantly consulted when the boards begin to work on ther legal procedures.

One additional proposal that I made was that the decision of the chairman be binding on both parties, and that each party post a bond that would be forfeited if it refused to accept his decision. This bond would be returned if either company or the union sought legal redress through the courts and gained a reversal of the impartial chairman's decision.

Now my reason for mentioning the plan again at this time is that the need for some public protection against work stoppages is imperative. We must prepare ourselves now for industrial peace or suffer later. Several industries have already expressed interest in the plan. We in the Department of Commerce would like to see some industries put it into practice.

But no plan for industrial peace will work at this time or at any time if we do not succeed in preventing runaway prices. If we are to have labor peace we must have price and profit peace. If we are to have price and profit peace for labor, management and the consumer we must have full, uninterrupted production.

Let us resolve our differences at the council table as free men and not on the battlefields of hate, blind greed, strife and ultimate chaos.

Let us remember that the foundation for good industrial relations lies in the mutual interest in each other's problems and in the will to cooperate in solving those problems.

No group can long keep its own little circle safe if it gives nothing to those outside of it.

Business, after all, is just men and women working to a common purpose.

The most important asset of any country is men constantly at work cooperating with each other and making and exchanging goods and services of real value.

For the sake of our country and the world as a whole, I hope this can be achieved without the benefit of a shotgun marriage with papa government holding the shotgun.

Economic Isolationism

The third stumbling block I have labeled: "Economic Isolationism." I am referring especially to the attitude taken in some quarters to foreign trade and foreign loans.

The forces unleashed by the war have given us an opportunity for an unheard of expansion of our foreign trade—an expansion that will not only be a blessing to our country, but to all the world as well. The populations of backward areas were forcefully shocked into the realization that they needed what we so long have had. They came to understand that the only way they could hold their heads up in this kind of a world, and the only way they could attain a reasonable standard of living would be through increased productivity. They are calling for our tools, our machinery, our products and our methods.

This demand is in addition to the very real and extensive demand required for the reconstruction of war-devastated areas. The fulfillment of both demands could mean an export trade, in dollar terms, three to five times as great as that which we had before the war. The only way we can expect to gain expanded foreign markets is to help those countries build up their own production and increase their incomes so that they will be able to purchase our goods. We must also promote a freer exchange of goods between nations, for unless we buy what they produce they cannot continue indefinitely to buy what we produce. Artificial mechanisms designed primarily to sustain one-way traffic in foreign trade invariably fail and bring extremely troublesome problems in their wake.

There is no question but that we can satisfy greatly increased foreign trade demands. We have the productive capacity, we have the technology, we have the raw materials, we have the brains, and we have the energy with which to do the job.

Must Extend Sound Credits

However, in order to do the job we must extend sound credits that would make it feasible for foreign countries to trade with us in a progressive fashion rather than solely through the oppression of their own civilian populations. The urgency of industrialization is so strongly realized by many foreign countries that they are ready to tighten the belts of their civilian population — as the Russians did during their various five-year plans—and are willing to assume the sacrifice of temporary lower standards of living in order to rapidly accomplish this industrialization.

They are going to industrialize! The choice before us is whether they do it with our cooperation, and with less hardship on their civilian populations and with greater economic progress for all of us—or whether they do it through their own resources and other countries, and with antagonism toward us. The decision rests with us. It is for businessmen like yourselves to decide whether we have the foresight, the imagination, and the courage to undertake a foreign trade and a foreign lending policy consistent with the aims of the progressive development of the world as a whole.

We are a creditor nation, and we must act as a creditor nation, making it possible for our debtors to pay us back.

In many quarters there have been those whose blind or misguided nationalism has narrowed their point of view on matters of foreign trade and foreign loans. They would have the Congress and the Administration attach an assortment of hazardous political considerations on to any reciprocal trade agreement, and they would have us use foreign loans as a political means of manipulating both small and large countries. This kind of thinking is dangerous. It is the kind of thinking that breeds international hatreds and feeds wars. It has been tried too many times with disastrous results, as history has so clearly recorded.

From a purely business standpoint a sensible arrangement with countries wanting and needing our assistance would be long-term loans at interest rates low enough to put the annual payments within a realistic range of a country's ability to pay.

It is my belief that the prosperity we would gain through such foreign loan arrangements — gain through increased production in our own highly productive high-wage industries—would more than compensate for any loan losses that might develop.

Though this is not the traditional form of lending policy, it's one that is needed today, and it's the one that will mean most in terms of the prosperity of this nation. Businessmen have always proved themselves adaptable to changing situations. They must prove themselves adaptable once again. For we have a choice: We can become prosperous by squeezing out the other fellow and crushing him, or we can take the other fellow along with us as we stride toward a greater economic future. In the first instance we may get a little more prosperity, but it would be for a short time, and in the end it might mean our own ruin. In the second instance we have the basis for sustained increase in the prosperity of the world as a whole, and a curtailment or elimination of the considerations that ultimately lead to war and to distaster. A peaceful world must rest on economic cooperation as well as on political cooperation.

No man can live unto himself; no community can live unto itself. Haven't we now learned, through this the greatest of all wars, that no nation can long live unto itself.

These, then, are the stumbling blocks. Let us use good sense and avoid them. Let us make them stepping stones to a larger, fuller, happier life for all of us.

There have been many times in the past when people with little faith in capitalism and little faith in business could not see how our country could advance any further. But those with faith know that the unique and wonderful feature of capitalism is progress—progress through increased industrialization, through increased productivity, through scientific development and technical "know-how," and, through the reinvestment of accumulated profits, to both management and labor through the production process. Progress, above all, is the American way of life, the way of life that stands out as a shining light of hope in a confused world and bids free men everywhere ever to strive onward and upward toward it. These are the principles that have made us a great Nation. These are the principles that will keep us a great Nation. Let us never lost sight of them.

Let us work together along the road to a greater economic future with our eyes open, our hearts determined and our minds alert. The difficulties and struggles of today are but the price we must pay for the accomplishments and victories of tomorrow. Ours can be an exciting and satisfying future if we but will it so.

Luckhurst & Co. Offers Cortley Frosted Stock

A new issue of 88,900 shares of common stock of the Cortley Frosted Foods, Inc., was offered July 31 by Luckhurst & Co., Inc. and Reich & Co. The stock is offered at $3.25 per share. Proceeds of this issue will be added to present working capital to enable the corporation to take advantage of the expanding opportunities in the frozen food field.

Floyd D. Cerf Offers Segal Lock Common

A nation-wide group of investment bankers headed by Floyd D. Cerf Co., of Chicago, made a public offering July 31 of a new issue of 690,082 shares of $1 par common stock of the Segal Lock & Hardware Co., Inc., priced at $4.50 per share.

Of the 690,082 shares included in the financing, 514,411 shares have already been subscribed by present stockholders on the basis of one share for each two held. The remaining 175,671 shares represent the portion being offered for public subscription. The common stock is traded on the New York Curb Exchange.

Proceeds from the financing are to be used for retiring the outstanding preferred issues, for expansion of the company's plant facilities, for the introduction of a number of new items in its expansion program and for possible acquisitions. Segal Lock owns over 99% of the common of Segal Safety Razor Corp. as well as the Norwalk Lock Co., founded in 1836 and believed to be the oldest hardware manufacturer in the country. The former is one of the leading units in the safety razor field and ranks sixth in national distribution. It contemplates introducing a new-type of single-edge razor blade sometime within about nine months.

Norwalk Lock Co. is also planning a number of new products, among them a new type of extruded aluminum window frame and sash. Its products are now sold through more than 30,000 retail outlets. Norwalk is one of the five largest manufacturers of builders hardware and first in the sale of jimmy-proof locks and key duplicating machines.

The company is also making preparations for an anticipated large volume of foreign trade. During the war it was heavily engaged in war production and now has a plant capacity at its Brooklyn and Norwalk, Conn. units aggregating more than 25% greater than before the war.

Net earnings for the year ended Dec. 31, 1945, after all charges and provision for taxes, amounted to $265,469 as against $192,234 for 1944. Sales amounted to $9,749,519 in 1945. Current assets on Dec. 31, 1945 amounted to $2,019,751, of which $627,651 was cash. Current liabilities amounted to $643,570. The company has no funded debt, bank or other loans.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The government bond market is still unsettled and nervous, particularly the restricted issues, not because of the pressure of liquidation, but because of the uncertainties that always accompany the talk of a new issue. . . . There are those who believe that the longest restricted bond will sell at 101½, while others are of the opinion that the level of about 102½ is the lowest to be expected under present conditions. . . . Why should reports of a new long-term bond have so much effect on the government securities market? . . . It is evident that what one fears most is something that is not thoroughly known or understood. . . .

This seems to apply to the government securities market, because there is nothing tangible in the situation that would indicate whether there will be another issue of restricted bonds or not. . . . Thus far the so-called new issue is purely in the talking stages, and some believe this may be as far as it will go for some time to come. . . .

UNCERTAINTY RULES

It is evident that confusion and uncertainty do not make possible long-term forecasts. . . . Accordingly, if the market can be upset by rumors and hearsay, it is not likely that it will have a definite trend in either direction. . . . It should be remembered that the monetary authorities are very much concerned with the government securities markets, and in their efforts to manage it within certain limits, the element of doubt is a very important factor. . . .

Recent statements of the Federal Reserve Board indicate that they are not in favor of new issues to non-bank investors unless more powers over member bank bond purchases are given to them. . . . Yet at the present time there are reports that the Treasury near the end of 1946 may be in the market for new money, which would be used to retire issues held by the commercial banks. . . .

This would decrease member banks' holdings of government securities and deposits, which would reduce the inflation potential. . . . It has been the consistent statement of the money managers that security holdings and deposits of the commercial banks must be cut down, yet Government Trust Funds are sellers of securities, largely bank eligibles, which does not decrease bank deposits or bank holdings of government securities. . . . The reason for the sale of government obligations by the trust funds seems to be largely for market control. . . .

NOW WHAT?

The trend toward longer maturities by the commercial banks following the retirement of the 3¾s on March 15 is well known. . . . In order to prevent another upward move in bank eligible issues, offerings are available from the trust funds, which will be disposed of only in a strong market. . . . Now comes the question of what these same deposit institutions will do, since they have lost sizable amounts of the 3s and 3⅛s on June 15. . . . The last uptrend in the longer bank eligibles was due largely to purchases by the large banks, and many of the trust fund obligations now for sale are not suitable for the smaller institutions because of the large premium involved. . . .

It is indicated that the member banks must still retain earnings and in order to do so they are being attracted to the longest intermediate and long-term bank eligible bonds. . . . There is no question of being able to meet deposit withdrawals because these institutions have sufficient short-term obligations to take care of such needs. . . .

Aside from the 2% group there remain now only the 2½s due 1956/58, and the 2½s due Sept. 15, 1967/72, in which purchases can be and are being made. . . . On the other hand, in about a month and one-half the 2¼s due 1956/59, will be eligible for purchase by the commercial banks. . . .

ANOTHER BANK ELIGIBLE NEARS

By the middle of September, the securities that can be purchased by the deposit banks will be substantially augmented (unless changed by government decree which is not looked for) and these institutions will be able to acquire another bond within the 10-year range. . . . The commercial banks cannot get the necessary income from certificates and notes, which are being kept at low rates because the Treasury does not want an increase in debt service. . . . Accordingly it is expected that the member banks will be interested in accumulating the 2¼s of 1956/59, when this bond becomes eligible on Sept. 15. . . . The latest available figures show that the commercial banks own only about $255,000,000 of this obligation, and the largest amount of these holdings is by the country banks. . . . The institutions in the Central Reserve Cities of New York and Chicago have such small amounts of the 2¼s due 1956/59, that they are not worth mentioning. . . . This leaves plenty of room for expansion of positions in the 2¼s of 1956/59, among the large city banks. . . .

Since these Central Reserve City banks have been among the large buyers of the 2½s due 1956/58, and the 2½s due Sept. 15, 1967/72, it is logical to assume that they will be interested in picking up the 2¼s of 1956/59, when they are available to these institutions. . . . While there would be an extension of maturities, it would not be as far out as if they were taking on the longest bank eligible issue. . . .

POTENTIAL SWITCH

The next higher coupon obligation that can be retired by the Treasury will be the 1½% notes due Dec. 15. . . . This security is outstanding in the amount of $3,261,000,000 and the latest available figures indicate that the commercial banks own about $2,344,000,000. . . . Again these institutions will be the largest losers through the redemption of these notes, and in order to protect their income it is indicated that the deposit banks are considering a switch from the near-term 1½% notes into the longer-term obligations particularly the 2¼s due 1956/59, sometime after the middle of next month. . . .

JUST GUESSING

With reference to the much discussed new long-term issue of ineligible bonds, there are many and divergent ideas as to coupon rate, maturity and type of security. . . . It is believed in some quarters that the new bonds may be in registered form and non-negotiable except for presentation to the Treasury for redemption. . . . Some hold the opinion that the much talked of issue may extend for a longer period to call and maturity dates than the outstanding issues. . . . It is also reported that the proposed new issue may be offered only in exchange for new funds in the hands of savings banks and insurance companies and not for the reinvestment of monies that have been obtained from the sale of bank eligible issues. . . .

The old guessing game is on again in government bond circles, without the slightest official utterance that there may be a new issue. . . . This is not dissimilar to what has happened in the past, and most of the predictions at that time were far away from what actually happened when the offering finally came along. . . .

Despite opinions that the Victory Loan issues would be of much longer maturity than the outstanding 2¼s and 2½s, the Treasury offered obligations that were only six months longer than the Seventh War Loan issues. . . . It should also be remembered that if there is an issue of long-term restricted bonds later in the year it will depend largely on business conditions and the trend of commodity prices. . . .

SELLING LONG-TERMS

Although the sizable liquidation of dealers' loans is attributed to the disposal of certificates, it is indicated that there has been a substantial reduction in holdings of long-term issues. . . . Despite the fact that the market at times has been on the professional side, it is reported that dealers were able to lighten long-term positions at good prices, through sales to institutions. . . .

Eastman Dillon Offers Sunray Oil Securities

An investment banking group headed by Eastman, Dillon & Co. made public offering July 29 of $20,000,000 20-year 2⅞% debentures and 1,000,000 shares of $1 par common stock of Sunray Oil Corp. The debentures were priced at 101⅛ and accrued interest, to yield 2.80% to maturity, and the common stock at $10⅜ per share.

Net proceeds from the sale of the debentures and common stock, together with $10,000,000 to be received from a 10-year 1⅞% serial bank loan, will be applied by the company to the redemption of its outstanding $12,350,000 15-year 3¾% sinking fund debentures, due 1959, at 105½; to the payment of a $1,000,000 promissory note due September, 1946 and to the redemption or purchase for retirement of 255,000 shares of 4¼% cumulative preferred stock, series A, at $100 per share.

The agreement of merger, providing for the merger of Transwestern Oil Co. into Sunray, was approved and adopted by the stockholders of both companies at meetings held on July 19 of this year. Upon the agreement of merger becoming effective on Aug. 2, 1946, the outstanding 750,000 shares of capital stock of Transwestern will be converted into 525,000 shares of the 4¼% cumulative preferred stock, series A, of Sunray on the basis of 7/10ths of a share of such preferred for each share of capital stock of Transwestern; 255,000 shares of such preferred stock are to be redeemed or purchased for retirement by the corporation with a portion of the proceeds obtained from the present financing. Giving effect to this financing and the merger, outstanding capitalization of the corporation will consist of $20,000,000 funded debt represented by the new debentures; a $10,000,000 serial bank loan; 270,000 shares of 4¼% cumulative preferred stock, series A, and 4,689,188 shares of common stock, $1 par value.

Sunray Oil Corp. is engaged in the business of exploring, acquiring interest in and developing prospective and proven oil and gas lands and in the production and sale of crude oil and natural gas in the states of Arkansas, California, Kansas, Louisiana, New Mexico, Oklahoma and Texas.

Congressman Wolcott Hails Decontrol Board

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courage production, and so will impede recovery.

"This is going to be a prominent issue in the coming election campaign. The matter is much broader than the simple question of price control. What is involved is government control and regimentation in general. People are simply rebelling. For example, perfectly respectable dairy farmers are saying that they simply will not go back under controls. People are tired of having their whole lives controlled.

"Ours is fundamentally a Republican form of government. During the war we were willing to endure regimentation, to win the victory. But now I am being asked: 'Did we fight the war only to lose our liberties?' I am impressed with the increasing appearance of the words 'freedom' and 'liberty' in the mail from my constituents."

Apparently, the members of the Decontrol Board will carry on their regular work as well as the new. Chairman Thompson is reported in the press as expressing the intention to do this. Queried by the "Chronicle," Mr. Bell disclosed a similar intention. It is believed that only with this understanding was the President able to get the caliber of men he wanted.

While it may appear off hand that the work of the Decontrol Board will be more than three men can do, even working full time, Mr. Wolcott points out the possibility of the Decontrol Board functioning through commissioners, as do district courts and the Court of Claims.

Redden & Company Adds M. Woltjen to Staff

ST. LOUIS, MO.—Miss Mathilde Woltjen has joined the organization of Redden and Company, investment securities dealers in the Arcade building. Miss Woltjen is Secretary of the Company, which has been in the investment business since 1935. She formerly was an Assistant Cashier with the Mutual Bank and Trust Co.

More Statistical Miasma

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of subsidies. These, it must be remembered, are pre-wholesale figures. The impact of the increases has not yet been fully felt by consumers. Retailers have for the most part held to their OPA prices so long as their old inventories lasted."

But these statements, with all their official and potential implications of propaganda, should be taken with a grain of salt. In fact, they need many grains of salt, before being accepted as an actual and factual indication of a general price level change.

I

In the first place, the data are highly questionable because of the fictional character of the source. Under OPA price control, the reported or "posted prices" were in most cases, not actual prices. The so-called basic items were solely distorted by black market operations. Black market prices are not officially recorded or published. But even Mr. Bowles and Secretary of Agriculture Anderson would not deny that they existed, and, that in several important items of foodstuffs, such as meats and diary products as well as many apparel items, the black market price was the rule rather than the exception. So the reputed price rise of 25% starts from a fictional base. As a false premise, it necessarily leads to a false conclusion.

Another defect in using the data as indicating a highly inflationary trend is the failure to take into consideration the removal of subsidy payments to producers and processors of several important items. The payments, necessarily reduce prices below the actual level that they would reach without such payments. The public pays the subsidies in the form of taxes, but, of course the amount paid in the form of taxes by each consumer may not be the same as that paid by individual taxpayers. The purpose of the subsidy is to relieve an individual consumer, who may suffer from high costs of certain necessary commodities and services, and transfer the cost thereof to others who can bear it through higher taxes. If all individuals paid taxes of like amount, subsidies would be meaningless. Subsidies mean nothing more than taxing the richer to benefit the poorer in our society.

II

The Commerce Department's use of the Bureau of Labor Statistics computation of price changes is not by any means a novel instance of distortion in the application of price indexes.

The reliability of the official compilation of price changes has been frequently questioned. Hardly two years ago, the Bureau of Labor Statistics was under the vehement attacks of representatives and spokesmen of organized labor. In their efforts to break the "Little Steel Formula," officials of both AFL and the CIO denounced the published figures as inaccurate and unfair to the consumer. It brought about a heated controversy, which led President Roosevelt to appoint a special committee to investigate and report upon the validity and accuracy of the Bureau's compilations. The then Acting Commissioner of Labor Statistics, Mr. A. T. Hinrichs, (who recently resigned under pressure from the Administration), vigorously defended the work of his Bureau, but was frank enough to acknowledge the defects and shortcomings arising from conditions over which he had no control, (see "The Chronicle", April 13, 1944, p. 1502).

The difficulties in compiling accurate price data; as summarized by Mr. Hinrichs were as follows:

(1) The fact that merchants refrain from reporting prices above ceiling limits;

(2) the use of an average rather than actual prices in the index;

(3) the disappearance of low price merchandise and the impairment of merchandise quality; and

(4) higher living costs arising from migrations.

This enumeration of defects is however far from complete. Price indexes will always remain defective as long as published prices and not always actual prices at which exchanges are consumated are used as a base. It is common knowledge of price investigators that published or "listed" prices of many commodities are not always the same as actual prices. One has only to follow price quotations such as those published by the "Iron Age" and similar trade periodicals to note a sort of fictional stability, week after week, month after month, and even year after year, in the listed prices of certain standard commodities. This is indicated in the price charts as plateaus or flat tops. But these plateaus do not necessarily mean that there have been no price fluctuations. Actual sales take place in many instances, either above or below the published price quotation.

A good example of a fictional stabilized price is that placed on bessemer steel standard rails a number of years ago. The price was fixed at $27 per ton, but it is doubtful whether any steel rails during the last thirty years were ever contracted at this price, or that many tons of standard bessemer rails were ever made or purchased during the period. But the quotation persisted, without any basis for its continuation.

It does not appear that the Bureau of Labor Statistics fully takes account of this technical situation. Several years ago, the writer made an investigation of the month to month quotations of certain items in the Bureau of Labor's Wholesale Price Index. In the case of a number of articles, he noted unchanging quotations extending over several years, particularly in such items as salt, lime and other standard heavy chemicals, together with certain building materials. Yet, it became clear on inquiry from several producers of these items, that prices did fluctuate in the period under study and individual transactions frequently varied from those "officially quoted" in the price lists.

III

Assuming that difficulties of this character cannot be overcome without a compulsory system of price reporting on each transaction, they must be recognized as fundamental problems in every statistical analysis of price fluctuations as well as changes in wage rates. They are equally present in attempts at measurement of non-physical and heterogeneous phenomena, in which, in addition to the qualitative and other factors, not measurable in quantity units, the character, quality, and form of almost all kinds of commodities and services are constantly undergoing changes. Moreover, use and consumption of goods and services are also in a state of flux. In the tabulation of phenomena relating to a time series, such as price changes, there are, therefore, many factors to be considered outside the bare figures themselves, and the relative values of these factors are constantly changing. No computation can reduce their effects to a common denominator. All progressive modern nations strive for a satisfactory guide to changes in price levels, by which the stability of the monetary unit, the adequacy of wages, the justice of taxes, and the flow of credits can be gauged. But a compilation of "averages" covering an endless variety of goods, objects and services, which are continuously undergoing changes in character, quality, and use, both in their production and consumption, cannot form a wholly reliable basis for statistical or administrative judgment.

Yet, it must be admitted, that without some system of statistical measurement along these lines, we would be without the crudest instruments to direct economic and political actions and all scientific attempts to trace trends and developments would practically cease or become mere guesswork and intuition. But this should not blind us to the need of precaution and proper analysis and judgment in handling and interpreting statistical data. Bias, prejudice, or political expediency should have no part in it. Let us use statistics, fundamentally sound and properly compiled, but let us also always keep in mind their limitations and imperfections.

In this connection, it should be noted that one of the foremost advocates of the use of statistics in economic investigations, who also has been a learned exponent of the use of index numbers, Dr. Wesley C. Mitchell concludes his monograph, "The Making and Use of Index Numbers," published by the Bureau of Labor Statistics in 1915, by stating:

"While index numbers are a most convenient concentrated extract of price variations, they are far from being a competent representation of all the facts which they summarize. Most consumers of statistics lack the time to go back of the finished products to the data from which they are made. But the increase of knowledge concerning the causes and consequences of price variations depends much more upon intensive study of ultimate data than upon the manipulation of averages or aggregates. Upon the extension of knowledge in this field depend in turn large issues of public welfare. Hence it is important to collect and to publish in full the actual prices of as many commodities as possible, even though some of the quotations may not now be available for use in making an index number."

Certainly, the Bureau of Labor Statistics and the Department of Commerce, which interpreted the data of price changes covering 28 items, during a period of two weeks, have not heeded the wise caution of Dr. Mitchell.

Mutual Funds

The Long View

Unsettlement in the securities markets during the past month provides a contrasting backdrop for the longer term outlook as seen by the investment management of **Group Securities.** The semi-annual report of this fund contains a special "Report of Investment Management" dated June 24, 1946 and signed by Frank L. Valenta, Vice-President in charge of investment research and management.

We quote from the section of Mr. Valenta's report entitled "Looking Ahead."

"Labor difficulties during the next six months are likely to be of minor proportions, and industrial management can once again turn its attention toward developing aggressively increased operating efficiency and capacity output. It is our opinion that by the fourth quarter of 1946, industry as a whole should be operating at peace-time capacity, which in terms of the Federal Reserve Board Index of Industrial Production, should average around 195.

"Most of the increase in activity from present levels should be experienced by those industries which have been held back during the past six months, including the automobile, electrical appliance, steel, railroad equipment, industrial machinery, and railroad industries. It is our belief that as compared with relatively minor advances in the rate of activity in consumer goods industries, the second half of 1946 should record substantial advances in the production of consumer durable goods industries and of capital goods industries.

"An important factor in the extent to which industrial activity will continue to recover will be the policies of the Federal Reserve Board. The present policies of the Board, if continued, could lead to a tightening of the money and credit situation, which in turn would tend to restrict business activity and business expansion. It seems probable that the Federal Reserve Board will recognize the dangers existing in its present policies, and that it will change these plans before the summer is over.

"With the price adjustments now under way, industry will again experience adequate profit margins, and corporate earnings in the second half of 1946 should be substantially higher than during the past six months. This should, in turn, be reflected in a trend toward higher dividend payments, inasmuch as American corporations are now in a sounder financial position than at any time in history.

"Despite the widespread strikes in the first half of the year, we believe that national income for the year 1946 will equal the highest level reached during the war years, and, assuming a correction of Federal Reserve Board policy, national income in 1947 should reach record high levels. While the satisfaction of deferred consumer demand in many lines is likely to materialize much sooner than is generally believed, the broad and substantial contribution of the capital goods industries to the purchasing power of the country, should provide a basis for a continued high level of demand for many years to come. It is for this reason that your management has emphasized the attractiveness of capital goods industries' securities.

"In view of the extended period of chaotic labor conditions, it is not impossible that the present general feeling of uncertainty may continue to prevail in the near future, reflecting disappointment with earnings reports for the second quarter of the year. Our estimates for the next 12 months, however, indicate that net earnings after taxes might well exceed the previous peak net earnings established in 1929, and on the basis of such earnings results it is our belief that security prices, will, ultimately, advance to substantially higher levels than at present. It is, of course, natural to expect that in its adjustment to the higher price levels which will prevail in the future, readjustments will be necessary from time to time. Many investors refer to this development as "inflation." We believe that the soundest way to protect against it is to follow orthodox research and investment procedure.

"Underlying all the confusion of the past and next six months is the fact that the nation as a whole is in sound financial position. The American public has accumulated more savings than at any time in history. It desires a high standard of living. The basic factors for a long period of prosperity are in existence—we are confident that ultimately they will be accelerated and in full force, that we shall experience a long period of business activity higher than ever experienced in this country, and that this, in turn, will be translated into new high levels of corporate earning power and substantially higher levels of security prices."

* * *

The interim report of Group Securities from which the foregoing is quoted covers the six months ended May 31, 1946. During that period net assets of the fund increased by 41% to $117,038,152 and the number of shareholders by 29% to over 36,000.

Keystone Custodian Fund, Series S-2

During the six months ended May 31, 1946 total net assets of **Keystone** "S-2" rose from $29,969,603 to $33,958,968, reflecting for the most part a rise in the net asset value per share from $17.45 to $19.36. At the end of the six-month period, the market value of securities owned exceeded their cost by $9,575,378.

Total assets of the ten Keystone Funds as of May 31, 1946 were in excess of $186,000,000.

Allan N. Young Offers Janet's Apparel Shares

Allan N. Young & Co. Inc. offered to the public July 29 30,000 shares of 45-cent cumulative dividend preferred stock and 30,000 shares of common stock of Janet's Apparel Shops, Inc. The shares are being offered in units of one share of preferred stock and one share of common stock at $10 per unit.

Proceeds from the financing, together with other funds, will be used by Janet's Apparel Shops, Inc., to purchase all of the outstanding stock of Janet's Inc., which through subsidiaries operates nine retail women's ready-to-wear stores and one apparel department in Southern California.

The preferred stock, beginning in 1949, will have the benefit of a cumulative sinking fund equal to 10% of the preceding fiscal year's net earnings remaining after taxes and preferred dividend requirements. The sinking fund will be applied to purchase or redemption of preferred stock at not exceeding $10 per share plus accrued dividends. At the option of the corporation, the preferred stock will be redeemable in whole or part at $10 a share plus accrued dividends.

Upon completion of the financing, 30,000 preferred shares and 225,000 common shares will be outstanding. The company has no funded debt.

Central Republic Co. Promotes Three

CHICAGO, ILL.—Newton P. Frye, President of Central Republic Company, 209 South La Salle Street, announced the promotion of three key members of his organization, two of whom have been associated with the firm and its predecessors for the past 20 years.

Curtis B. Woolfolk is appointed Manager of the Corporation Buying Department. Woolfolk is a graduate of the University of Chicago, and has been with Central Republic Company and its predecessors since 1926.

Edde K. Hays, who is appointed Sales Manager, has been in the investment banking business since 1926. For the past 9 years Hays has been Manager of the Trading Department and, for 11 years previous to that, was a member of the Sales organization.

Robert Boedeker, who becomes Manager of the Trading Department, joined Central Republic Company in October 1945. He has spent 20 years with the Trading departments of several large investment firms.

Spence Trustee of Dime Savings Bank

William T. Spence has been elected a Trustee of the Dime Savings Bank of Williamsburgh, Brooklyn, according to an announcement made by C. C. Mollenhauer, President. Mr. Spence is associated with the investment banking firm of Spencer Trask & Co.

Price Uncertainties Hamper Business Planning

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the previous peak. Construction costs are somewhat higher than they were in 1920 and the trend is still upward.

Food prices have also risen close to the peak. The Dun & Bradstreet index of the wholesale prices of thirty-one food commodities rose during the first part of July to $5.20 or 27% above the corresponding period a year ago. The peak figure for this index after World War I was $5.30 which was reached in July, 1919. A similar index of thirty basic commodities, many of them other items than foods, show about the same trend. After the first upward spurt, prices of several important commodities declined.

Future Trend Uncertain

The outlook for prices in the future has been much more puzzling than usual and many significant factors affecting prices may not be cleared up for some time. During most of last month, the question as to whether or not any price controls by the Federal government would be established had not been decided. Businessmen could not estimate what prices might be established for the goods they have to sell nor for the raw materials which they purchase. They realized that even though some form of price control for their products should be restored, they could not ascertain what standards for establishing prices would be specified in the new law nor what might be decided by the administrator of the law. Until more is known about the policies which will be carried out in connection with these artificial controls, much business planning for future production must be postponed.

Many economic forces are pushing prices higher and they are very strong. Supplies of a large number of products are still below demand, because production in major industries lagged during the first half of the year. Even in those lines where production has been large, the demand has been even greater as consumers wanted more goods and they had enough purchasing power to buy all that has been available. Large and growing demand always operates to boost prices until more goods can be produced and the supply increases.

Consumer attitudes will have much to do with future price trends and these attitudes cannot be predicted with any high degree of accuracy. A shift in attitudes may come suddenly as it did in 1920 and if it does this year it would be followed by a halt in price rises and possibly some sharp declines. A number of minor buyers' strikes have been reported and in many retail stores consumers are said to be more discriminating in their purchasing but so far total retail sales have not been greatly affected. They are currently running more than 20% higher than a year ago and are providing a good market for all goods that can be produced.

Increased supplies will also halt a rise in prices and as the enormous productive capacity of the country gets into full operation quantities of goods should be turned out at close to wartime peaks. The many obstacles this year have prevented them from reaching more than 75% of that level. Time is also required to get the supplies of civilian goods into the hands of retailers and dealers. These conditions partly account for the current shortages in many lines but they are gradually being corrected. Supplies will be larger each month and will soon be sufficient to meet most of the large demand which is the result of past shortages in addition to current needs.

These considerations which tend to hold down price rises should be kept in mind even though they may not be fully effective for many months. They will be taken into account by businessmen who are planning for conditions a year or more from now. Then competition among sellers may be extremely keen as each producer tries to sell the large output of his factories. Preparations are now being made by alert businessmen to build up their sales forces, strengthen their marketing programs, advertising and sales promotion efforts in order to be ready for the change from a sellers' market to a buyers' one. Sales training programs are being remodelled and improved to sell the largest quantities of goods.

Many Costs Have Risen

Before the current upward price trend is reversed, however, the upward pressure will be maintained and is likely to be predominant during the next few weeks and possibly months. The large amounts of government spending in excess of receipts continues to add new force to the already large consumer savings and current consumer incomes. Business costs have increased sharply this year because of the many rises in wage rates. A large number of these increases in labor costs could be met only by higher prices because even though profits had been large they were not enough to cover the amounts of additional expenses.

Higher wage rates can be met only by higher productivity or larger volume. Profits per unit of sale in most industries is too small to provide for more than moderate increases in wage rates, even if all were taken. Not all profits can be paid out in costs for any extended period because business cannot operate unless expenses are below receipts. The drastic upward adjustments this year accompanied by reduced volume due to work stoppages have made necessary many price increases. These increases in turn are adding to the cost of living and thus exerting pressure for additional raises in wage rates.

The country is now caught temporarily at least, in a wage price spiral in which each rise in one pushes a similar rise in the other. No one can tell how long it will last. It could end quietly with moderation in wage demands, in price increases, and in increased productivity of labor. If more can be produced for each man hour of work, the added volume would go far in bringing about a satisfactory balance between costs, prices, and volume. Proper leadership by government, industry, and labor can do much to bring about that balance which will mean a higher standard of livnig for all. We need to keep in mind that the basic fundamental for a high standard of living is not the number of dollars each group can get for itself often at the expense of other groups. Prosperity and national well-being depend upon the volume of goods and services that are being produced. Only as total production increases, can everyone have more. The prime objective of all those directing any phase of the economic system should be the larger production of these goods and services.

Unless we hold firmly to this objective and strive for the right kind of balance, the wage-price spiral will continue until it ends in a drastic collapse which might involve far more serious readjustments than were necessary in the post-war depression of 1921 and 1922. Whatever constructive is done to halt the too-rapid price rise will help provide the highest prosperity that can be maintained at a level above that of the prewar years.

Average hourly earnings of factory workers have risen to a new high of $1.08 cents an hour, according to a survey recently made by the U. S. Department of Labor. During the past year straight time hourly earnings have increased five and one half cents. In many factories the increase has been much greater and the figures do not show some of the most recent increases that have been granted.

These figures are important because they indicate the change in labor cost which constitutes one of the major items of expenditure. In addition, costs for many manufacturers have been made even higher because of added costs among suppliers who have been compelled to raise the prices of raw materials to meet their own higher costs. Increases imposed at any point in the process of production, from raw materials to finished products, must be reflected all along the line and make necessary readjustments in prices. These readjustments are not yet completed after the recent wave of wage increases and they will continue to push prices to consumers higher.

Consumer Purchasing Power

While prices are being pushed higher by rising costs, consumer purchasing power for many groups is not expanding at the same rate. Although hourly earnings of factory workers have hit a new peak, weekly earnings have declined due to shorter hours. According to the same survey by the U. S. Department of Labor the workers' take-home pay has declined 9% during the past year while the general cost of living has gone up close to 5% and the recent price rises have pushed it even higher.

The most general measure to total purchasing power is the amount of the income payments to all individuals. So far this year these payments have been running close to 5% lower than they were a year ago. This falling off has not yet affected retail sales, because savings have been much less than they were during the war years. Consumers are spending larger percentages of their current income and at the same time the data for credit sales show that they are going into debt more than in recent years. If present trends continue, installment accounts outstanding will reach a new peak and all the wartime reduction will be made up by the end of this year.

In fundamental relationships the supplies of goods and the markets for those goods are gradually changing and at some time in the future the situation will be just the opposite from what it has been for several years. In the meantime, however, indications point toward a continued high level of business activity.

Production 20 Per Cent Below Last Year

The upward trend in industrial production which started after the end of the strikes has continued and factory output is moving steadily toward a rate which will be equal to that of a year ago. The volume of civilian goods being turned out is much greater than it was last year, although it is much below expectations. The automobile industry, for example, produced less than one-third the number of cars in the first half of the year that were scheduled. Many physical problems of reconversion were completed on time, but labor-management difficulties closed many plants for long periods. Similar strikes in the plants of suppliers resulted in shortages of individual parts which frequently held up the assembling of cars and trucks which were otherwise ready for delivery. Similar situations have prevailed in many other lines and account for a considerable part of the relatively poor showing made during the first part of the year.

In spite of these many difficulties, much progress was made and goods were turned out in much greater volume than was indicated by the rate of operations for such major industries as steel, automobiles, and coal. To evaluate the achievement accurately, both favorable and unfavorable factors need to be fully considered. The variations among different industries have been much greater than in normal times and to measure what has been accomplished, facts should be used that are fairly representative of the general level of production. We need to guard carefully against the mistake of picking only those facts that seem to support a preconceived opinion as to conditions. Unless that caution is taken, one may want to consider the situation as unfavorable and prepare an index based on weekly ouput of coal during the coal strike or of steel during the steel strike. The resulting figure will, of course, be very low. It would not be accurate, however, because those abnormally low figures for those industries did not accurately indicate what all industry was doing during that time.

A misleading conclusion can also be drawn if the opposite kind of figures are selected. Many industries have been operating at levels far above last year, especially in the production of civilian goods, and even farther above the prewar years. An example is the chemical industry which has been producing, at more than double, the average of the prewar years, while the output of industrial chemicals has been 4 times greater. The machinery industry has also been operating at more than double the prewar rate.

Significant Comparisons

In evaluating how much has been accomplished this year and in ascertaining the current situation, we should make those comparisons that are most significant. To state that production has not yet reached the wartime peak or high level of a year ago when the government was spending many billions more for war than it now is does not mean that business is poor this year. It can be below last year and still be a best peacetime year for the production of goods as well as for services.

Other comparisons are also needed to determine the level of general prosperity which we are having. One comparison is with the five-year average from 1935 through 1939. That is a relatively low base as it covers some years of abnormally low production. As compared with that base, however, factory output, according to the comprehensive index of the Federal Reserve Board has averaged more than 50% higher. It has been almost 40% higher than the year 1939 which was the last peacetime year in which spending for war had been little influenced. Production during the first half of this year has been about the same as the monthly average during 1941 when spending for military purposes had already reached a fairly high level.

By keeping in mind clearly all these comparisons, one can see that the achievements by industry this year have been considerable in spite of all obstacles. They have not been enough to make a new peak but the present trend is in that direction and a few months at the present rate of increase would reach it. Output is large enough to provide enormous quantities of goods to go far in meeting the demand when they are properly distributed where they will be accessible to consumers.

Business Volume Same as Last Year

While industrial production has been gradually expanding, the volume of business as measured by financial transactions has been holding steady, slightly above a year ago. Preliminary figures for the most recent weeks indicate that volume probably is forging ahead again, partly due to the rise

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Railroad Securities

Southern Pacific is having a hard time adjusting its operations to the sharply declining rate of freight and passenger business. In particular, it seems likely that the recent very precipitous drop in the passenger business, a drop which got under way considerably later than did that in freight business, is having a quite adverse influence on operating results. Total revenues were off 23.8% from a year earlier for the five months through May, with the decline widening to 33% for the month of May alone. Passenger revenues, which accounted for 20% of gross in the 1945 interval, were off 19.7% for the full five months (the decline was less sharp than that recorded for gross revenues) but in the month of May alone declined more than 43% from the like 1945 month.

Just as the war-time increase in passenger revenues was not accompanied by any comparable increase in passenger train miles or passenger car miles, so it is impossible to cut the service rendered so sharply when revenues begin to contract. In many cases the rise or fall in passenger revenues is attributable largely to a fluctuating load factor, and during the war virtually all railroads were benefiting from unprecedentedly heavy loading of passenger cars. It is no secret that quite often the cars were filled to well over 100% of capacity. There is obviously quite a difference in the revenue received, but little difference in the expense involved, between running a passenger train half full and completely occupied. Falling passenger business, then, naturally brings with it a rapid rise in the passenger operating ratio.

Although Southern Pacific's gross was down more than 23% for the five months through May the operating expenses were virtually unchanged. Maintenance charges were cut by approximately $5,000,000 to $75,634,000 or about 6%. This was merely an accounting matter, however, reflecting a net credit of some $9,000 this year for amortization of defense projects compared with a charge for amortization of over $6,700,000 a year ago. The actual maintenance expenditures were heavier than they were in 1945. Similarly, transportation costs were up from $78,747,000 to $81,351,000 in the face of the contraction in business.

Southern Pacific is one of the few roads which has apparently taken full advantage of possible tax carrybacks. For the five months through May there was a credit of $13,508,000 for Federal income taxes, contrasted with a charge of $36,555,000 in the period through May, 1945. Even with the substantial tax credit earnings available for the stock amounted to only $5,923,692 or a little less than $1.60 a share. There appears to be little question but that from here on earnings will begin to improve. For one thing there will be the rate increases, even though meager, accruing from July 1. For another thing, it is anticipated that over the reasonably near term the road will begin to get at least some measure of control over its expenses. With this potentiality, and with the road in a particularly strong financial position, the general feeling among rail men is that the present dividend rate may be considered safe even though the earnings for 1946 will almost certainly be very modest.

Regardless of the earnings experience of the present year many rail men look upon the long term prospects of the road as highly favorable. Over the long term its trend of freight traffic and gross revenues has been more favorable than that of the industry as a whole or other roads operating in the same territory. In large measure this has been due to secular industrial and agricultural expansion of large parts of the service area. This industrial growth and expansion in population has been given added stimulus by war conditions. At the same time the management has accomplished a significant reduction in outstanding debt which has been augmented by lower coupon refunding of outstanding bonds. All in all, estimates of potential normal earning power under peace-time conditions run from about $7.00 to $9.00 a share and this outlook is viewed as justifying a constructive attitude towards the stock regardless of what earnings may or may not be realized in the single year 1946.

Price Uncertainties Hamper Business Planning

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in prices. The current rate is close to three times the rate when the war started in 1939. The rise is indicated by the much larger amounts of bank clearings and the checks being cashed, as well as by the larger amounts of currency in circulation. The quantity of money being used has increased about 5% during the last twelve months and is now above $28,000,000,000. The prewar figure was less than $5,000,000,000. Probably not all of it is being used, but a substantial part of the increase represents more buying and selling than ever before.

The comparison between factory output of goods and the dollar volume of business is significant. These two items may diverge considerably during a period of expansion and of rising prices but they are likely to come closer together again. At present they are being brought together by the rise in production, which means that more goods are going to be available. Part of business volume indicates spending by consumers for services as well as for goods. Some of it may represent speculative buying and some building up of inventories. The expansion of commercial, industrial, and agricultural loans may indicate the extent to which bank credit is being used for these purposes. Loans of those kinds by the member banks of the Federal Reserve System have increased 30% during the last year. The increase has been greater than in any recent year.

Trends in Leading Lines

Current trends in several lines show clearly the importance of considering what is taking place in each industry as well as the changes in the general average of all industries. While total production may be holding quite stable or slowly rising, activity in some fields may be increasng rapidly or possibly declining.

The rise in building construction this year has been most significant. Some advances were made last from the low point in early 1945, but the most rapid increases have been this year. The F. W. Dodge Corporation reports that construction contracts awarded in 37 states east of the Rocky Mountains during the first six months of this year reached a new peak. The amount was $500,000,000 greater than the $3,347,000,000 during the first part of 1928 which was the previous peak year. The major part of this contract volume represented residential building started, although it does not indicate homes or housing units completed. A much larger percentage than usual is being delayed because some items are missing.

Building is being held back by shortages of labor and of materials. Lumber is one of the most important of these shortages but other types of building materials are also scarce. Production of many items is being increased but several months will be needed before enough is available to meet all the demands. Construction is also hampered somewhat by rising costs, both of industrial buildings and residential ones. The rise in costs last month was the greatest during any similar period since 1940.

Activity in the steel industry has continued to expand and in recent weeks has been operating at just a little under 90% of capacity. Weekly output has been 1,500,000 tons which is only 6% lower than it was a year ago, and about 14% below the all-time peak. Total output of steel for the year is far below last year and the shortage of steel will hold back expansion in many industries. A shortage of steel scrap may reduce operations during the next month unless more material can be found.

The petroleum industry has been increasing its output and last month reached a new peak in the production of crude oil. Average daily output has been just under 5,000,000 barrels, slightly higher than a year ago when the war demands were heavy. Increased use of petroleum and its products by the public have more than offset the decline in military use.

The textile industry is also operating at a higher level than it was earlier this year, although production has not yet caught up with the enormous demand. Cotton consumption by mills has been above 800,000 bales monthly as compared with around 600,000 in 1939. Consumption of wool has been lagging somewhat behind last year but current indications point to further expansion during the last half. Total output may reach 560,000,000 yards of woolen and worsted products which will be considerably above the 375,000,000 made in 1939.

The output of consumer durable goods is expanding steadily and in some lines quite rapidly. The output of radios has already surpassed the prewar monthly average in number of sets, although not in total sales volume. Most of the radios now being produced are the smaller models. More automobile tires are being produced than ever before and if present schedules are maintained the number will surpass the previous high year by 30%. Production of washing machines and vacuum cleaners has surpassed the prewar monthly average. Production of refrigerators and electric ranges is lagging but the trend is upward and prewar rates will be reached within a few weeks.

Agricultural Prospects Are Promising

Agriculture has been making an even better record than industry this year and the current outlook is for crops that will be close to an all-time high. Conditions may change during the critical month of August, but unless they become unfavorable the corn crop is expected to establish a new record of 3,341,646,000 bushels. The average condition of all crops is the best since 1942.

Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week — Insurance Stocks

It is profitable occasionally to review the general characteristics of insurance stocks and to inquire into the reasons for their enduring popularity among investors.

Undoubtedly the basic reason for this popularity lies in the indispensability of insurance to modern economic life. Neither social nor business life could function without the protection against loss which the institution of insurance provides. There is no adequate substitute for insurance, thus insurance companies are not subject to the vicissitudes which have harassed other types of business and industry, so often rendered obsolete through new inventions and technological progress. As a matter of fact, the contrary has been the case with insurance, for technological changes have increased the need for insurance and opened up many new lines of coverage which alert insurance companies have not been slow to exploit. As a result of this condition, companies engaged in the business of insurance enjoy a far longer average life than do companies engaged in almost any other type of business enterprise, with the exception of banking. Not only is their length of years in business outstanding, but also their record of unbroken dividend payments. Examples among some of the better known companies which have been in business for more than a century are as follows:

Name—	Age	Years of Continuous Dividends
Aetna Ins. Co.	127	73
Camden Fire Ins.	105	72
Fire Association	129	88
Franklin Fire Ins.	117	115
Hartford Fire	136	73
Ins. Co. of N. Amer.	154	72
New Brunswick	120	18
North River	124	107
Providence Washington	147	39
Security Ins.	105	52
U. S. Fire	122	36
Westchester Fire	109	74

A record such as this inspires a sense of permanency and of security in the minds of prudent investors.

The security of an investment in fire insurance stocks is safeguarded in many statutory ways. For example, the laws of many important states provide sound restrictions with regard to the type and caliber of securities in which insurance companies may invest the premiums which they collect from the public; most states, furthermore, prescribe regulations regarding the setting up of reserves against liabilities and contingencies. The companies are compelled by law to file annual statements with the various states in which they operate, showing assets, liabilities, reserves, income, disbursements, etc., and they are subject at intervals to routine and special examinations by the insurance departments of these states. Finally, the inherent nature of insurance as it has been scientifically developed is such that, through careful spreading and diversification of risks, through limiting the amount of liability concentrated in any one risk, and through the device of re-insurance, the element of chance is minimized and the law of averages permitted to operate.

The operation of an insurance company may be divided into three main categories, viz: securing the business, underwriting the risks and investing all available funds in income producing securities. Expenses generally comprise the cost of securing business, the adjustment and payment of losses, the cost of administering investments, general overhead and taxes. Net operating profits comprise the sum of net underwriting profits or losses, and net investment income.

Dividend payments, with most companies, are predicated on net investment income alone and are usually comfortably within that figure; the excess over dividends as well as all net underwriting profits are ploughed back into the business, thus assuring, in the case of well managed companies, a steady expansion of the stockholders' equity, year after year. This desirable situation is usually reflected, over the long term, in a higher market price for the stock.

Operating ratios of insurance companies afford clues to the relative underwriting efficiency with which different companies may be managed, other things being equal. There are three significant ratios to watch, viz: loss ratio, expense ratio and combined ratio. The loss ratio is the percent which losses represent in relation to earned premiums; the expense ratio is the percent which expenses represent in relation to premiums written, while the combined ratio is the sum of the two. A combined ratio in excess of 100% in any year indicates that a company has not made a profit on its underwritings during that year. In only two years since 1929 has the underwriting business of stock fire insurance companies, in the aggregate, been unprofitable. In 1930 the combined ratio of all stock fire insurance companies, as reported by Alfred M. Best, was 100.0% and in 1932, 102.5%. In 1944 the ratio was 98.6%, and comprised 57.3% loss ratio and 41.3% expense ratio. The ratios reported by individual companies vary greatly from the aggregate figure. Quite frequently it will be found that a company with a low expense ratio will have a high loss ratio, and vice versa.

There has been a healthy tendency in recent years for fire insurance companies to broaden their lines of risks, and no longer to concentrate so heavily in fire. Thus, whereas in 1925 fire premiums of the stock companies represented 75% of the total premium volume, in 1945 they represented approximately only 54%, with 46% distributed over motor vehicle, ocean marine, inland marine, tornado and hail, extended coverage, etc.

The investment portfolios of representative fire insurance companies are well diversified over a long list of well selected securities, comprising bonds, preferred stocks and common stocks, thus lending to the stock of an insurance company something of the character of an investment trust, with the added feature of underwriting profits which, as already mentioned, provide a source of equity growth for the stockholder over the years.

Marketwise, fire insurance stocks are generally less volatile than are general industrial stocks, though they follow the usual bull and bear pattern of the stock market. Over the long term the "quality" stocks exhibit a sound and permanent appreciation in market value, in recognition of long-term equity growth, coupled with steady and increasing earning power and good dividends.

President Dubious of New OPA Act

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to veto on June 29. If that bill had become law, inflation would have been inevitable. While the present measure by no means guarantees that inflation can be avoided, it offers a sufficient prospect of success to warrant the making of a wholehearted effort to keep our economy on an even keel until a flood of goods makes further controls unnecessary.

Cites Recent Price Rises

The behavior of prices and rents in the last four weeks has given the country a frightening foretaste of what would happen to the cost of living without price and rent control. Even though many factors were operating to restrain prices during this period, prices have nevertheless risen steadily and ominously.

The Bureau of Labor Statistics index of 28 basic commodities in the primary markets has shown an increase of 24.8% in the 26 days since June 28, 1946 as against an increase of only 13.1% in the three years and 42 days between the signing of the hold-the-line order on May 17, 1943 and June 28, 1946. Of this increase, only about 2% can be attributed to the removal of subsidies. These, it must be remembered, are pre-wholesale figures. The impact of the increases has not yet been fully felt by consumers. Retailers have for the most part held to their OPA prices so long as their old inventories lasted.

These increases have occurred in spite of the restraining influences at work to keep prices down. I had requested that the price line be held while the Congress considered the enactment of a workable law. Businessmen hesitated to build up inventories at high prices and thus risk serious loss if prices were rolled back to the June 30 levels. This risk was heightened by the prompt passage in the House of Representatives of a resolution which would restore the June 30 prices and rents. In addition, consumer resistance to increased prices developed immediately.

In view of the alarming rise in prices which took place under these conditions, it is not difficult to predict what would happen if a free market were operating without restraint.

Continuance of Effective Control Vital

These facts demonstrate that the continuance of effective price control is a vital necessity to our people. There are millions of families for whom a sharp rise in living costs means immediate suffering. There are others who can get along well enough for awhile, but ultimately inflation exacts its toll from all.

The present legislation makes the task of staving off inflation even more difficult than it has been in the past. Clothing prices in particular will be difficult to hold at reasonable levels, and there are some other things that consumers will have to go without, or pay higher ceiling prices for them than they should. It is particularly unfortunate that many of these increases result from concessions to special interest pressures, rather than from the adoption of principles designed to expand production within a stable price structure.

Present Bill an Improvement

The present bill, despite its inadequacies, is an improvement in many respects over the bill which I vetoed. In my veto message, I emphasized the disastrous consequences which would flow from the Taft Amendment and its companion the Wherry Amendment. These provisions are fundamentally changed in the present bill. A comparison of the two bills demonstrates this fact.

Although its professed objective was to increase production, the Taft Amendment would have required prices to be increased for already profitable industries even where no increase in production was possible. While the present bill will require some price increases where there will be no substantial expansion in production, it reduces materially both the number and the size of these increases.

It was mandatory under the Taft Amendment to increase prices so that all industries could earn the profits they earned in the year 1941 on every major item they make. This was a year of abnormally high profits. The base for measuring profits under the present bill is the year 1940, in which profits were more nearly representative of normal peacetime operations. At the same time, the use of 1940 margins of profit offers every incentive for full production because 1940 was a highly profitable year.

Reiterates Objections to Taft Amendment

Another serious deficiency of the Taft Amendment is corrected by the present bill. It is obvious that costs go down as volume of production goes up. Yet that amendment would have compelled the Price Administrator to base prices on current costs even though it was perfectly clear that in many industries volume would be increasing so rapidly that the use of current costs would result in exorbitant prices. The present bill permits adjustments to be made for increases in volume that can be reasonably anticipated to occur within three months. This change will cut down substantially the price increases on consumer goods which were out of production during the war.

Another major objection to the Taft Amendment was the damage it would have done to compliance and enforcement. OPA has developed uniform dollar-and-cent prices for many important products. This is the most readily understood and easily enforced kind of pricing. Since prices under the Taft Amendment were based on each individual manufacturer's own 1941 price, uniform prices could not have been maintained in any case where prices in 1941 varied. The present bill cures this defect. The formula works from the average price for the industry in the base period, and this permits the continuance of enforceable dollar-and-cent prices.

The Wherry Amendment would have restored to wholesalers and retailers the percentage markups which prevailed on Jan. 1, 1946. In the months since that time OPA has not passed on to consumers all the increases granted to manufacturers. Instead, the distributors have been required to absorb some of the increases. This was a fair policy because the sales volume was so high that even with reduced markups distributors were generally faring far better than in any recent peacetime year. The present bill gives to distributors the markups which prevailed on March 31, 1946. This change in date means that, without hardships to distributors, consumers are assured of considerably lower prices than would have been required under the Wherry Amendment.

Thus, price increases will be far fewer, and those that occur will be far smaller, under the present bill than under the vetoed measure. The saving will be most significant in the basic industries, like steel. Since price increases in basic materials, mean price increases in all the industries using those materials, an alarming upward spiral of costs and prices on a wide front seemed inescapable under the vetoed bill. Now there is a sound basis for the hope that such a spiral can be prevented.

Urges Adequate Appropriation for OPA

Furthermore, by drastically reducing the number and size of required price increases, the present bill minimizes two other dangers inherent in the vetoed bill. First, the administrative burden on the Office of Price Administration, while still serious, is not impossible, as it was under the vetoed measure. Secondly, the danger of widespread interruptions of production while industry is waiting for price increases is materially lessened. Unless, however, the Congress promptly provides OPA with an adequate appropriation there are bound to be serious delays in the granting of required rice adjustments. These delays would in turn mean slow-downs in production. And it is maximum production that will hasten the day when price control can safely be abandoned.

Finally, the vetoed bill contained a clause which would have destroyed wage stabilization by requiring the inclusion of unapproved wage increases as costs in the price increase formula. That clause has been omitted from the present bill. The invaluable work of the Wage Stabilization Board can therefore be continued.

I regret that the Congress did no comply with my request to refrain from compelling administrative changes that will make our task more difficult. Good government requires that a law be administered consistently in all the fields where it is applicable. Consistency of policy is difficult to achieve when, as in the present bill, the Congress has provided for division of responsibility. I am confident, however, that the Price Administrator and the Secretary of Agriculture will work closely together to maintain unified policies.

Will Appoint Decontrol Board

I shall proceed promptly to appoint the Price Decontrol Board provided for by this statute. We are all anxious, on the one hand, not to cling to these controls too long and, on the other hand, not to release them too soon. The standards prescribed by the Congress for removing and restoring controls are reasonable standards. As I said in my veto message, I have not been opposed to the creation of an independent board to resolve these difficult questions of timing the removal of controls. I propose to appoint as members of the Board men in whose judgment and fairness the Congress and the country will have complete confidence.

Price control is but one of the means of combatting inflation. Under the best of circumstances price control alone could not preserve economic stability. Because of the defects in the present legislation and because of the months of delay in its enactment, it is all the more apparent that more extensive use of the power to allocate scarce materials may be required and that sterner fiscal and monetary measures than would otherwise be called for may prove to be necessary.

Hints at Higher Taxes

In order to bring spendable income more closely in balance with the supply of goods, attention must be given to strong anti-inflationary policies such as further reduction of Federal expenditures. If, despite such measures, inflation still threatens, consideration must then be given to the formulation of a more rigorous tax policy. Such a tax program would, I realize, be unpalatable at a time when we are doing our utmost to increase production, but if it is the only alternative to the ravages of inflation, we would have no choice.

I pledge the administration to do its full part in this struggle, but it must not be forgotten that the battle against inflation is not the government's battle alone—it is the people's battle as well. Consumers must vigorously resist exorbitant prices. Black markets cannot be suppressed solely by enforcement measures. Businessmen must, as controls are progressively removed, exercise self-restraint and forego the opportunity for short-run gain from profiteering in favor of the long-run advantage of stable prices and fair profits.

If it appears that all the efforts of the government and the people will not be enough under the resent legislation, I shall have no alternative but to call the Congress back in special session to strengthen the price control laws and to enact such fiscal and monetary legislation as we need to save us from the threat of economic disaster.

HARRY S. TRUMAN.
The White House,
July 25, 1946.

House Approves Foreign Service Revision

A bill to overhaul the State Department's foreign service which its sponsors have said was needed to put the United States foreign service on a level with those of other chief powers was passed by the House by a voice vote on July 20 and sent to the Senate, according to a dispatch from Washington from the Associated Press, which said:

One of the chief provisions is to increase salaries of nearly all career workers, including a rise from $17,500 to $25,000 yearly for Ambassadors.

The House also passed by voice vote another measure establishing an office of Under-Secretary of State for economic affairs.

A major section of the reorganization bill would establish a foreign service institute, making possible a post-graduate training school for foreign service officers similar to that now attended by Army and Navy officers.

Another provision would call for automatic retirement of officers not qualifying for promotion as often as specified in standards outlined. The other provisions would create an office of director general of the foreign service, and set up a foreign service board to advise the Secretary of State, and require foreign service officers to spend at least three of their first 15 years of work in the United States and to take home leaves every two years they are abroad, to keep them abreast of affairs in the United States.

Securities Salesman's Corner

By JOHN DUTTON

There are many investors today who refuse to liquidate their long-term holdings (even when a sale appears justified). They don't like to give up 25% of their profits to the tax collector. But the day may come (and possibly sooner than they think) when they will wish they had sold out, even if the tax collector did share in their profits.

Any investor who believes that the capital gains tax may some day be repealed or modified, may yet be mistaken. If he thinks that he can gamble on lower capital gains tax rates in the future and thereby save a greater proportion of his accumulated paper profits, he may wake up someday and find out that those profits had another way of disappearing. Besides, it is entirely possible that capital gains taxes may be increased next year, instead of being lowered or abolished. The trend has been (and still is) to lower tax rates on the lower income groups and keep those in the higher brackets under heavy taxes. Remember it is good politics to lower tax rates where the majority of votes come from, and soak the few who have made some profits. As long as the Truman administration is in power there is no assurance that the capital gains tax will not be raised instead of lowered.

There is only one factor which should determine whether or not a security should be held, sold, or switched into something else. That decision would be based entirely upon whether or not the future outlook for an investment justifies its sale or retention. Take the case of a stock in a company that today shows the holder a profit of several hundred per cent over acquisition cost. True enough, if it is sold the tax collector will exact a maximum of 25% of the profit. But what if the company is vulnerable to competition, or a new product, and an analysis clearly shows that there is grave risk in further retention of such a stock? Isn't it better to take a profit and pay 25% to the tax collector rather than risk a loss of 50% or more through a market decline which may take place because of these factors? And remember if the stock is sold after a 50% decline from current levels the **25% tax still must be paid on the smaller profit.**

Why not take the profit and pay the tax? Then reinvest the proceeds in another more promising situation. If the new investment is wisely selected, further profits can be obtained which will more than make up for the 25% tax which must be paid.

There is another point to remember and that is, a profit is not a profit as long as it is on paper. The only time you ever make a profit is when you sell out and get the cash. Paper profits have a habit of getting away from you without very much warning. In fact they can disappear a lot faster than you can make them. You can spend years building up paper profits in securities and see them go out the window in a few weeks time. Before you know it you are not as rich as you thought, and it can all happen so suddenly that you had better forget about the tax collector and his 25%, and freeze some of those paper profits NOW WHILE YOU HAVE THEM.

Any security salesman who assists his clients in developing this attitude toward their investments will have their gratitude and their future business. No investment is absolutely safe, and none are safe enough to forget. Constant supervision of an investment portfolio is the only way to keep that which you have worked so hard to accumulate—especially in these uncertain times in which we live today.

A Business Man Looks At The National Economy

(Continued from page 608)

ties, a sewing machine or the obligation of a lease; a stock of groceries, or the truck that delivers them.

A boy in your neighborhood goes to college. He graduates as a doctor with an education for which he is in debt $2,000. He rents and furnishes an office. When he has built a practice, he can hire a receptionist to answer his telephone. At that point, it has cost him several thousand dollars to create jobs for two people. The doctor is an enterpriser. His group in the economy —the professions and personal services together — supply about one-quarter of all the jobs created in America. Another neighbor invests his savings in a stock of groceries. He hires a clerk who also delivers. The two jobs he has created cost the grocer the total investment that he has in store equipment, in groceries, in a truck, and in credits to his customers. The risks of not making a success of it are his to take. If he succeeds, the jobs are secure and the families they support are secure. If he fails, his savings are lost and two men look for work. He too is an enterpriser. His group in the economy—the distributors of goods—supply about one-fourth of all the jobs created in America.

Your friend buys a farm to increase his security. With the years, he increases his investment, and with it, the welfare of his family. The farmer also is an enterpriser. His group in the economy — that of agriculture — supplies about one-fourth of all the jobs created in America. A tool-maker, wishing to sell his services at higher prices, quits his job. He invests his savings in a few tools and starts a little machine shop in his neighborhood. When he gets more work than he can handle, he asks other skilled men to join him. If he has orders that can be fabricated at profit, and if he has a record for character in his community, he can borrow money from the bank on his shop or his note. By hard work at all hours, and by husbanding his growing resources, he becomes a manufacturer. With time, he pays off the loans, expands his business, widens his market, increases the number of his employees and also his responsibilities. This process of investing and venturing is the history of practically every corporation in America. When he analyzes his success, the manufacturer has invested about $6,000 for each man and woman he employs.

Manufacturers Supply One-Fourth of Jobs

The manufacturer is an enterpriser. His group in the economy —manufacturing—supplies about one-fourth of all the jobs created in America. And it gets 100% of the blame for unemployment. In recent years, you have seen the freedom to build through such enterprise reduced by laws.

The National Association of Manufacturers is committed to an historic policy of high wages for workers, low prices to consumers, and a fair return to investors, out of production of goods. The NAM is opposed to monoplies—be they business, labor or government. The National Association of Manufacturers stands for equal pay for equal work—regardless of color, sex or religion. By this process, America has grown great.

Labor Unions a Super-Government

In America, labor unions have become a super-government. The Administration in Washington is their stooge. For eleven years, the Administration has run labor unions' errands, apologized for messes they made, forgiven their assaults on the welfare of the public, condoned their violence, and in payment has received power from labor union votes. Labor unions have functioned as legalized monopolies. They have coerced the people, with government support. They have prevented full production of goods. Government concessions granted to labor unions in exchange for votes are written into the laws of the land and continue to be expressed in the administration of the laws. None of us regrets labor's gains, but all of us are paying for concessions sold to labor by a subservient government, in exchange for votes. The costs are yet to be paid for by all Americans, including labor.

The British labor government has not given labor the power that labor enjoys in America. Great Britain has no statute compelling an employer to bargain collectively, or providing for a closed shop, or a check-off. It has no law requiring a workman to join a union, or lose his job. In Britain, labor takes responsibility. The labor government represents the people equally. In America, the government denies equality with labor unions to all other Americans. Labor unions, free of legal restraint by government, have developed economic dictators that control the lives and restrict the welfare of the people. Lewis, Whitney, Johnston, Petrillo, Reuther, Murray—all claim they are within the law. If that be so, Congress needs to change the law.

Increased Wages Without More Production Is Inflation

All wage increases granted labor unions without equivalent production of goods is inflation. The government's decision to take the OPA ceilings off of wages and leave them on the goods into which wages enter is an obvious sell-out to labor unions for votes —at the expense of all the people. The manufacturer is at the mercy of wages in determining prices, because wages make up from two-thirds to four-fifths of the ultimate price paid by the consumer, depending on the product. Little by little, the earnings of the nation are passed on to labor unions in exchange for votes.

If there is a renewed wave of wage demands, as already indicated, with strikes to enforce them, there must be an upward spiral of prices, whether or not there is an OPA. Time after time, the Senate rejects efforts to equalize labor union laws. When the Case Bill was amended on the floor of the Senate, it was vetoed by the President. After eleven years of agitation at public expense, he recommended six more months of study. Six months will detour the November election and permit two more years of sellout to labor at your expense.

The people are not against labor; they are not against unions. They are overwhelmingly against the unrestrained violation of the people's rights by bad union leadership, assisted by present laws. As a result of inequalities granted labor unions, prices of goods to consumers are higher, rates to investors are lower, and a basis for a runaway inflation has been provided by the government. Concessions to labor leaders have created economic anarchy in America unequalled since the months between Lincoln's election and his inauguration. Taking ceilings off of wages and leaving them on goods and services in OPA was one of the concessions. Until equality between ownership and management on one side and labor unions on the other is restored by Congress, economic anarchy will increase in America.

OPA Prevents Production

The OPA was devised to prevent production of civilian goods in war time. That is exactly what it does in peace time. It should have been liquidated with the war. The War Production Board was liquidated, with benefit to the economy and without criticism from any newspaper or radio station in America.

Inflation in America results from increases of money in the absence of equivalent goods and services. When OPA asked for subsidies instead of for restrictions on the expansion of debt, while it prevented the production of goods, it proclaimed its ignorance of economic law and its disinterest in the welfare of the American people.

The OPA is, in and of itself, a principal cause of inflation. It was a failure the day the war ended. It was a failure the day ceilings were taken off of wages and left on the goods into which wages enter, because it stopped the production of goods when they could be made only at losses. The OPA made us a nation of law violators. It is the father of all black markets. The black markets created by OPA detract from the victories of war. They undermine the moral standards of your children. They postpone arrival of peace and prosperity.

Your government resists your struggle to be free. Its propaganda machines pour endless fears into your ears and onto printed pages for your eyes to read. In death the OPA fed fantastic scares to the President which he sponsored as truths. These facts were thoroughly explored by the Congress. Zenos Potter of OPA told the Senate Banking and Currency Committee that the OPA spent no money whatever for propaganda. The new OPA law takes notice of this untruth and provides that no part of the millions of dollars provided for OPA can be spent to propagandize you the people or your Congress.

Higher Prices With OPA

In the judgment of NAM, with OPA renewed, prices will be higher at the end of another year than if OPA had been kept dead on its record. The upward march of prices will never stop under OPA and cannot be stopped by OPA. Under OPA, the market never can be full of goods. The OPA attack on profits was and will be impractical and irresponsible.

The right to sell at a fair profit is as fundamental to our economic freedom as the right to a job at fair pay. Goods that can't be made at a fair profit just won't get made. The inflationary pressure of unsatisfied purchasing power will increase in the absence of goods. The price line will be d r i v e n progressively upward. What the producers in the country want is a chance to turn out the everyday supplies of goods with which to smother inflation and save America. The legitimate producers want a chance to price the black marketeers out of business—to put an end to the consumer gouging that was and will be practiced by chiselers all over the nation under the auspices of a renewed OPA.

On June 4, Chester Bowles, in a talk over the Columbia Broadcasting System (reprinted in the Congressional Record of June 10) said:

". . . if the Senate Banking and Currency Committee proposals become the law on July 1 . . . milk will immediately go up from two to four cents a quart . . . butter will go up 20 cents more a pound . . . cheese will go up eight to nine cents at retail a pound, and eggs and poultry will quickly jump to higher levels . . . as a result of the withdrawal of subsidy payments."

These increases are the prices that he hid but which you were paying all the time.

Housewife A Price Regulator

Always in America, until OPA, the regulator of prices has been the American housewife. Always she has spent the funds of the family. Always in buying she sought the bargains and advantages that would help her husband, her home, and her children. American housewives have regulated manufacturers and merchants by refusing to buy goods when they were too high in price, or lacking in quality or service. Always they have bought the goods that gave them greatest use and style and value. By their decisions, manufacturers and merchants flourished or failed. On their collective judgments, before OPA, hung the fate and failure of every investment by every manufacturer and merchant of consumers' goods. In total, eighty-five per cent of all the consumers' goods bought in America are bought by women. Instead of OPA, let us again have 40 million housewives to control prices in America. Price control by the American housewife is the only sort of price control that has ever really served the American public. These women who run our homes gave a 25-day demonstration of their own abilities to control prices during the free interval between OPA's. The housewife knew the capacity to produce goods existed in industry, and she waited for the prices to be right. The chaos of runaway prices threatened by the outgoing OPA did not appear.

In a few weeks more, with goods flowing into the market freely, the demonstration would have been complete that the nation did not need a new OPA.

One-Man Rule

When one man and his advisors in Washington assume that their knowledge of your needs is better than the knowledge of 40 million housewives, he insults the intelligence and denies the genius of every woman in America.

When one man and his advisors in Washington tell the House Banking and Currency Committee that their task is to set 8 million prices for goods bought to serve 140 million people, they assume a knowledge never attributed to Solomon or Solon and never possessed by any man on earth.

When one man in Washington assumes that his department can make decisions on prices and profits or losses based on the historical background of 3,000,000 business ventures, he speaks for the authoritarian state that the war was fought to destroy in Europe and Asia. Let me quote the authoritarian state in peacetime as it speaks for itself. It is Chester Bowles testifying before the House Banking and Currency Committee on February 20th, 1946, as Stabilization Director:

"So what we are plannng to do now is to establish priorities to the garment manufacturer which he *must* manufacture, based on a certain percentage of his base-period volume. The result will be that he will take them to the mill and the mill *must* produce certain types of *that* cloth. It is not just a *request* or a priority, or an opportunity, but it will be *directed* to produce it."

In opposing price controls on manufactured goods, NAM asked for the restoration of free markets for a free people, not just an improvement or reduction in bureaucratic regulations of OPA. The new price control law is an attempt by Congress to force an improvement in OPA in order that production will be less hampered than it has been in 15 months since war ended in Europe and 11 and one-half months since war ended in Asia. The NAM policy is that we can never get all-out production under *any* form of OPA. Just how good a job we can do under this renewed OPA depends on whether the act as passed can succeed in forcing an improvement in the administration of price controls.

What OPA Should Do

If the OPA administration accepts the efforts of Congress as sincere attempts to lessen the restrictions on production—if the OPA from top to bottom uses its powers to encourage production instead of to curtail it—then American business will be able to step up its output of goods to the American public. If the OPA officers continue to try to get around the clear principle of "adequate prices," written by Congress into the new OPA—if they deal with prices as they did under the old OPA, then production will continue to be curtailed, black markets again will arise from one end of the country to the other, and the economy will not be able to turn out the goods which the American public has the right to expect.

The government constantly borrows money to pay its bills for you to pay later. This abundance of money in combination with shortages of goods caused by OPA created the inflation we now have. Thereby your government raises prices by constant increase in the supply of money.

Even President Truman admitted in his *message* on signing the new price control bill "Price control is but one of the means of combating inflation. . . . In order to bring spendable income more closely in balance with the supply of goods attention must be given to strong anti-inflationary policies, such as further reduction of Federal expenditures."

It is encouraging to have such an anti-inflation statement from the President. Last January when the President submitted his budget he estimated that in the current fiscal year, ending next June 30th, the government would spend $35 billions. This estimate has now been raised officially to more than $40 billions.

Government Spending Real Inflation Threat

That stepped-up spending is the real threat of inflation facing this country. Ceilings should be put on the expenses of government, not on the production of goods. Financing by deficits creates money, credit and purchasing power without producing the goods which alone can validate the money. This inflation is not something to talk about only in terms of the billions of dollars that the nation owes in debt. It must be talked about in terms of what is owed by the people who pay for this government. The people can't pass the debt along. They are the end of the line.

Many are deluded by the abundance of money caused by the war. But the government debt overhangs your job, your chattels and whatever savings that you have. The policy of deficit financing levies its costs against your living and your future. Deficit financing reduces the value of every insurance policy you hold by reducing the purchasing power of the money. Deficit financing goes through your safe-deposit box and reduces the values in it without opening the box. Deficit financing reduces the value of every savings bank deposit without changing the credits in your bank book. Deficit financing reduces the value of the money in your pocket while you hold on to it, without changing the numerals on the folding money or the figures on your coins.

Deficit financing in peacetime is a selfish plan to enjoy privileges and immunities in the present at the expense of our children and our grand-children in the future. Deficit financing is an invasion of the purchasing power of the poor. It reduces the amount of groceries the housewife can purchase by increasing their prices. Deficit financing menaces the security of all Civl Service employees, of all white-collar workers who function as servants in all parts of the economy but not as pressure groups. Deficit financing invalidates even the wage increases of labor by reducing the purchasing power of the money with which the increases are paid.

Stop Adding to Debt Now

We must stop adding to the debt now; not five years hence. Nations, like individuals, pay their debts only when they plan to do so. The Congress has written into the new price control act a direction to the President to recommend "further legislation to establish monetary, fiscal and other policies which are adequate to supplement control of prices and wages, so that controls may be terminated June 30, 1947 without danger of inflation thereafter." If the President does not see to it that OPA is properly administered, and if the President does not start cutting needless government spending *now*, we do not have even an outside chance of stopping inflation—OPA or no OPA.

The National Association of Manufacturers will cooperate in every way possible, but try as we will, the fact remains that whether or not we have inflation depends at this stage upon the President.

At this stage the new OPA is a political step-child, disowned by both political parties and left on the doorstep of the American housewife. The only reason for its existence is the lies with which the old OPA misled the American people. Our people know that the American enterprise system produced the goods to equip the American, and other armies, in all parts of the world. The instinct of productiveness is so great in America that our people will not tolerate the present low-gear operation of our economy by any government temporarily in power.

Private Enterprise Produces More Than Collectivism

The American people are smarter than any collectivistic group or individual or family within our nation. They no longer believe Keynes's gospel taught us in the late '30s that savings are bad; that debt is good; and that paper money is a benefit to the nation.

It is true that we fought a war and have to pay its costs. But that is no reason why the controls we fought to destroy in Europe should be forced upon us by a labor union government in America. Authoritarian controls of prices, wages, profits—controls of interest rates and allocation of capital funds—all prevent the most efficient application of human energies to national resources. The result has always been poverty. *Never* wealth.

A few days ago, in a cold rain, in Berlin, I looked on the spot where they say Hitler's body was burned. It was a morass of mud made by disrespectful feet. I descended the seried steps into the subterranean bunker where he killed himself. In rcom after room I saw the protections planned to save his worthless life, for eventual triumph over free enterprise.

As you study the ruin of the Third German Reich you think of the death and the agony Hitler and his controlled economy brought to a peaceful world. You think of the folly of ordering other people's lives. You think of OPA, made in Germany, installed in America by a German who administered German price controls in the First World War.

You think of the German banks which are "busted" because 80% of their assets consisted of government bonds bought with deposits of the German people. You think of the German money which is worthless, and the Army of Occupation money which, because it is greater in amount than available goods, causes prices to rise in defeated Germany, just as OPA caused prices to rise in victorious America, by preventing production of goods and permitting continued production of money.

Above ground you walk amid the stark and silent ruins of Hitler's Chancellery on the Wilhelmstrasse. You think of the promises he made to the German people, the "full employment" he provided for them in a controlled economy. You think of the Americans who applauded his solution of the full employment problem. Now you see the poverty and hunger, the dejection and despair that has overtaken Hitler's people. You see the failure of Hitler's power in the pinched faces of underfed German children, of idle men and homes broken, never to be repaired. You think of the misdirected energies of the German people expressed in valor, and paid off in glory.

On the Wilhelmstrasse little children offer you gold crosses and badges of victory that Germans bought with blood and life. The children would take cigarettes, but not marks in exchange. Too precious to smoke, the cigarettes would barter for food that inflated money can no longer buy.

In memory you hear Hitler on the day before Pearl Harbor, proclaiming: "The power of the German people is greater than all the gold of the democracies." It was his admission that the muscle and sweat of the German people were the only resources he had not spent to validate his controls. Bismarck, too, in his day strode along the Wilhelmstrasse. It was he who invented social security and sold it to the German people in exchange for their dependence on the German state. Our Social Security, yet to be paid for, was also made in Germany. In Berlin, finally, you watch the endless funeral of the authoritarian State. Here lived the confident leaders who took over the thinking for a nation of intelligent people; who persuaded, then compelled, the German citizens to accept authoritarian controls. The Germans in two world wars never learned until it was too late that the economic liberties they surrendered were inseparable from their personal liberties.

Equality Under Law

Eleven years of labor union government in America have taught the people the necessity of equality under the law. They learned to appreciate equality as they lost it. The people seek to save their heritage of freedom, while their politicians would fasten the controls of authoritarian States upon them in peacetime.

The politicians never reveal the "made in Germany" label of OPA; or the "made in Moscow" label of salary controls and the National Labor Relations Board with its combined powers of prosecutor, judge and jury; or the "made in ignorance" label of their pseudo-economists which prevent free exchange of goods and services. The authoritarian controls of Bismarck made the First World War inevitable. The authoritarian controls of Hitler organized the Second World War. Authoritarian controls imported from Europe have brought our economy dangerously close to the point of ruin.

Never was the prospect for prosperity greater than on V-J Day. Reconversion from war was completed many months ago. There are huge savings in the hands of the people. There is a twelve years' backlog of unbought goods. But industry has been prevented from manufacturing, agriculture has been prevented from marketing, by a government selling concessions to labor unions in exchange for votes.

Recovery has been prevented by governmental disorganization of wages, prices and profits in the name of control. More than a hundred million man-days were wasted in strikes since V-J Day, as a result of the mistaken policies of OPA and Federal officials. A survey just completed by NAM shows the nation began the second half of 1946 with basic industries from 21 to 73% behind their 1946 production schedules.

Imperative Needs

No group of Americans can be more helpful in restoring balance to our economy than yourselves. No group represents a better cross section of opinion-makers in America than this Chautauqua audience and institution. There is imperative need that the people be granted equality with labor unions and that their super-government be dissolved to improve the welfare of all Americans. There is imperative need that the OPA be decontrolled promptly, so that the economy of the nation may live. There is imperative need that inflation be rolled back.

Because of failure to meet these needs, this nation which ought to be creating a better living for all, is shaken by economic anarchy. Freedom, under equitable law, which has been the inspiration of America in its growth, has never been kept alive by any people through compromise. Only your alertness to fight for equality can restore it to the people in this land. The fight to regain our lost liberties is worthy of everything you have and everything you owe your children and your grand-children. In this fight for equality under the law, each of you must help. In this fight there can be no bystanders.

Vital Issues Facing American Business Today

(Continued from page 606)

balance and how to adjust ourselves to wide changes in overall demand and supply. That is bound to be a more difficult one if we are dominated by fear and the need for security. This feeling of the need for security is always a limiting factor, a shrinking factor, when the great requirement is for broad expansion. Balance is not easy to maintain. At the present time, even with an enormously stimulated high level of production, probably the means of payment are 12 billion in excess of what is available to the market.

I should say something about OPA. In my opinion, regardless of what the action by Congress is, that which we have known as price control, is now a dead pigeon. That thing which was a balancing factor, regardless of what happens to OPA legislation, has disappeared from the American scene. It may be necessary later, on a national basis, to try the recapture of certain kinds of controls and the maintenance more firmly of some of them that are left. But these will take new and unique forms, and we will tend to repeat the tragic experience after the last war. Briefly, and this has been overlooked, at the termination of the last war, there was sudden abandonment of controls and in nearly every area there was some attempt made in the ensuing year to try to recapture some part of balancing factors, with no success at all.

I would say that the real threat from the passing of OPA and of control is not the immediate increase of say 15% to say 20% in prices, bad though that might be. I think that the price level is already too high. Thinking in terms of sustained full employment, I would imagine that the price level would have to get back to something like 100 in the B.L.S. index of wholesale prices. But the first impulse and reaction of prices to releasing control, I say serious as it is, disturbing as it is to the cost of living, is not to be compared with the seriousness of the threat of price spiraling. If I should say to you tomorrow that you should not do something because sunrise would vitiate it, you would abstain from action. Yet we, as a nation, are not abstaining from something which is almost as sure as the rise of the sun tomorrow. There has been no change in the basic conditions and factors which are likely to give you distortion and lead to a run-away situation. I am not predicting that that will happen. But I say that the most serious threat is that possibility, because, given the need for a certain amount of security, of firmness about cost in order to do forward planning, we can have a situation very easily in which every major business, particularly those at the beginning end of the process or the first fabrication, are not able to plan with any certainty and make reasonably long-term commitments. That means, as it has always meant in the past, a reduction in production and an increase in unemployment.

Another of the issues, and this again has to do with leadership, is whether or not the executives at the helm of American businesses have the capacity and understanding to meet what is a relatively unique situation in American production. This is the first peace-time period since the late 20's when there was a situation of full employment. What will be price making policy? What will be the attitude towards the distribution of goods, the distribution of the product, is something to speculate about. I was going over a list of major industries the other day and looking at those who were still at the helm who had been in something of a full employment period in the late part of the 20's and there were very, very few left. There are a number of new leaders that have never been through such a period, and it's going to call for the highest kind of leadership to meet the test. There has been also a significant change in the law relating to the administration of prices. There has been another significant change in the fact that we now have a pent demand, concentrated in largely the consumer durables and housing, which very easily could take those segments out of the picture. In addition, we have the largest amount of free, hot purchasing power that has ever been available to those who would produce and sell. For a long time the American business system has been genuinely concerned by the lack of full demand, by the lack of full employment, by the lack of adequate purchasing power. As we stand today, these three things, very, very essential items, have been taken care of. And it has not been the business system which has created this particular set of favorable factors. It has been a devastating, consuming hunger of war, and, for a certain amount of the balance, governmental programming for the transition period is responsible. I would say that the government's program for contract settlement on a speedy basis, the reconversion help through financial guarantees, the tax revision, plant clearance, surplus disposal and particularly a certain measure of stability in price in the early months after V-J Day, have been responsible for maintaining this extraordinary high level of full employment and production. The challenge then is to business leadership. The rewards are great. The financial rewards for real managerial ability, demonstration of capacity, are of extraordinary height. They are larger than in any industrial country in the world. But there is something more than that. There's a special relationship to what we call freedom. Freedoms in business, freedoms of the individual which he prizes so highly. This continent is the only great island of free enterprise that is left, one, too, in which individual liberties have not been abridged. After the last war, nearly every large industrial country was free to choose a relatively free enterprise system. It was free to chose an unmanaged economy. It was free to chose a democratic, representative form of government. The significant thing now is that no country, whether it was of the victor group, whether it was of the neutral group, whether it was of a group like China, or whether it was like the interior of Europe and the Balkans, no other country has been free to choose a free enterprise system and a free democratic system.

There's a great island here, as I say, and we shall need to know something about the rules of the road. We shall need to know how to sustain this great island of free enterprise, and in that I include Canada, which has made vigorous strides and gone much further forward and in greater confidence through wise choice of methods. Consider that there is an area in which there will be in many countries state trading. There will be large international agreements relating to commodities like rubber, tin, sugar and wheat. How American business can maintain its free enterprise vigor in this competition is one of the big issues. I say that it is possible, if you take those factors that I've outlined of what American business starts with, you can succeed by increasing strength and vigor without running towards the kind of security, the special benefits, which have been characteristic of industry's demands in the past.

One of the greatest problems, as I see it, is fiscal and monetary management. The big political issues of the future reside within the forty billion dollar budget—the questions of who pays and the question of for what purposes those billions are spent. If they are spent in order to maintain restrictive practices, special grants and subsidies to special industries that happen to have political control, then there is no possibility of maintaining full employment through free enterprise and a free democratic system. If we wisely use our tax policy, if we wisely use the management of the debt, if we wisely use our expenditures and our loans, our social security system, our furtherance of the vigor that lies in the potentials of housing, then we can meet these tests.

As businessmen, as young men, I think you need to be interested in what may seem to be radical economic doctrine. If I were a young businessman I would be interested in study of fiscal and monetary ideas that lead to the maintenance of purchasing power for my custmers. I would be interested in what this government is likely to do because I know that unless we do meet that challenge, then increasingly we will have a substitution of state direction. We will have an increase of what is unpleasantly called regimentation and bureaucracy. I know more nasty things about both of them than any of you in this audience will ever know, and I hate and fear and distrust both. I look for a greater freedom here rather than for a lesser freedom if we are to meet the challenge of other systems that are competing with us.

Above all, what I have to say in closing is what I started with. As far as a young men's business association is concerned, it should try to see that it maintains the full free flow of thought, that it does not join in denouncing somebody with a radical idea, either a business idea, political idea or an economic idea. That it is not afraid of politics, that it tries to understand that a wise government can make choices of policy which will avoid state budget ideas and the state direction over the factors of production and of man. As I said earlier, the rewards are great. The rewards are equal to the risks that are involved and they are not all in the field and area of monetary rewards. There is the great reward that comes from meeting challenges to your full ambitions and energies and the America of tomorrow, that I see, is just full of them.

Nationalization of British Steel Industry a Test Case

(Continued from first page)

ever before in its history. In every branch—and particularly in fine steels—the industry, at its best, still retains the qualities which once gave Britain such a commanding position in world production. Yet no one denies that the industry faces serious problems of reorganization and re-equipment if all production is to be brought up to the level achieved by the best plants. Disagreement emerges only on method. If the industry is to be given a free hand, how can the dangers of monopoly be averted? If the Government is to take over, how can initiative and enterprise, so essential in such a complicated industry, be maintained? An attempted solution—and a typically British one—has now been put forward by the Government, and it is worth examining in some detail both for its immediate effects and for its wider application—if successful — to other industries. One fact can be stated immediately, since it has been widely recognized as axiomatic: partial nationalization (which is the plan proposed) can never be successfully applied on ideological grounds. It must be good for the industry, or it will be a disaster.

Iron and steel and their connecting industries rank high in importance in the British economy. According to the 1935 Census, all factory trades had a gross output of £2,773 millions of which iron and steel accounted for £281 millions and engineering, shipbuilding and vehicles £491 millions. As in most other countries, a considerable part of the iron and steel industry of Britain is in the hands of a small number of large, vertically-integrated concerns, a typical firm owning coal and ore mines, coke ovens, blast furnaces, steel furnaces and rolling mills, and extending its interests into the smaller finishing trades and into engineering and shipbuilding. Yet there are also many medium-size and even small plants, particularly in the finishing trades, and in the production of special steels. The Census showed that out of 3,446 firms in iron and steel, 2,440 employed less than 100 workers each, while 24 employed more than 2,500 each. Seven of these 24 firms employed 10% of the industry's manpower; and since 1935 concentration has become even greater.

In considering the postwar reorganization of iron and steel, there is no disagreement in Britain on the need to carry it out through a unified plan for the whole industry. It is not only that modern developments offer vast economies, particularly in the basic part of the industry, to large-scale production. There is also the fact that the plans for building new mills, extending the existing modern ones and closing obsolete ones have to be worked out from the point of view of the national interest, taking into consideration full employment planning, the needs of the Development (formerly the "Depressed") Areas, the best balance between the use of home and imported ores, the financing of reequipment and the encouragement of exports. The industry has, indeed, been developing central planning throughout the 1930's, and in a Report to the Government which was published in May, 1946, it set out in detail a 7½-year plan which it claimed would continue strictly unified development, take full account of the wider national interests, and at the same time allow for the complete retention of private ownership. To this the Government have made a two-fold reply. They have accepted, in broad principle, the reconstruction plans envisaged in the Report (estimated to cost $672 millions) and have already approved some of the specific proposals (costing $256 millions) asking for them to be carried forward with all speed. The industry's plan — and its relation to prewar developments—must therefore be scrutinized with care, since it is the basis for the technical measures by which the industry will succeed or fail. At the same time, the Government have decided that these developments must take place within the framework of partial nationalization; and it is on this issue that there are sharp differences of opinion.

II. Prewar Developments

Whatever the final form of ownership, the central plan for running the industry will aim at increased production per man and a careful readjustment to world conditions. The history of the industry shows how necessary it is to maintain a flexible approach. In 1870, Britain, which led the world's industrial revolution in this as in other industries, was still producing almost half the world output of pig iron and steel, though facing increasing export difficulties through the raising of high tariff walls in competing countries. Britain, far from shutting out foreign goods, continued to import increasing quantities of foreign ores and even of pig iron and semi-finished steel goods, adapting itself to meet changing conditions by developing more in coastal areas where imported ores could be used in conjunction with local coal. Britain's output continued to rise, even though, as a proportion of world output, it fell from almost 50% in 1870 to 10% in 1913. After the last war, however, with tariff barriers abroad increasing still higher and with new producing countries extending their output, it became clear that Britain would have to adopt a radical policy to maintain her position. First, the British industry would have to be rationalized. Its long history had left a legacy of much outmoded equipment and heavy capital charges. Larger units backed by heavy financing were essential to bring output per man throughout the whole industry to a competitive level. Second, a tariff would have to be introduced to give the industry an opportunity to re-equip, and to prevent uncontrolled imports from highly organized and protected industries abroad.

The tariff was introduced in 1932 under the supervision of the Treasury's Import Duties Advisory Committee, which was to see that active reorganization took place and that the tariff did not itself impose an uneconomic burden on the British economy. The tariff was used flexibly, enabling the British producers to reach agreement with the countries in the International Steel Cartel to allow quota imports of certain products from these countries at a lower tariff, provided that Britain continued to receive certain export benefits. Internally the new central organization—the British Iron and Steel Federation—co-ordinated the policies of the various trade associations in the industry; and a number of firms, partly with the help of the Bank of England, launched into large reconstruction programs. The three most significant developments were the building of a large completely integrated plant, using home ores, in Northamptonshire, a modern continuous strip mill (mainly for tinplate) at Ebbw Vale in South Wales and another (completed in 1940) at Shotton in Cheshire. Despite these and other developments (which were of great importance in rearmament and war production) many complaints continued to be heard that the cost of steel was kept artificially high through the Federation's "monopoly" and that rationalization was not proceeding swiftly enough.[1]

The comprehensive plan presented by the steel industry[2] in its Report to the Government pays particular attention to the present and future location of the industry. The various steel producing areas have gradually become

[1] The Minister of Supply gave the following figures in the House of Commons on May 27, 1946. Taking 1930 as a basis, steel prices rose from 98.7 in 1934 to 139.1 in 1938. Pig iron rose from £3.2.6 a ton in Jan. 1934 to £5.9.0 in 1938; ship plates from £8.16.3 to £11.8.0; soft basic billets from £5.12.6 to £7.17.6. Motor manufacturers complained that the price of steel for their cars had risen 25%.

[2] A report on the production of foundry irons and on the iron-founding industry is included separately in the Report.

clearly marked not only in their use of foreign or home ore and scrap, but in the relation of their end products to the industries which have grown up around them. Before the war, the North-East Coast was the largest producer of pig iron and ingot steel, with large markets close at hand in the shipbuilding and heavy engineering industries of the neighborhood. The South Wales and Monmouth area came next in steel production, and had a very large proportion of the finishing trade in tinplates and galvanized sheets. Lanarkshire and the West of Scotland, which serve the local shipbuilding, marine engineering and light casting industry, came third. Together these three areas were responsible for more than half of the steel output of Britain, Northamptonshire and Lincolnshire, working home ores, have large new plants, the former being the center for the tube manufacture. The Sheffield district specializes in fine steels; and West Midlands serves engineering and small metal-goods industries. Lancashire and Cheshire have very effective finishing works in sheet and wire manufactures. West Cumberland produces high-grade acid steel.

III. The Industry's Plan

The industry's detailed plan which the Government has recognized as "a sound basis for reconstruction", links the question of future location to capacity, raw material and full employment questions. On capacity, it estimates that by 1950-55 home consumption will have reached approximately 13,000,000 ingot tons a year, while export demand is put at 3,000,000 tons. Allowing for fluctuations, and for imports of about 500,000 tons a year, capacity should be set at nearly 16,000,000 tons, an increase of 1,850,000 tons from present capacity, and involving replacement and expansion of about 40% of the industry.[4]

On the question of raw materials, the Report envisages a much higher use of home scrap. On a basis of 15,000,000 tons production, 55% could be scrap, only 250,000 tons to be imported. This would leave about 8,000,000 tons of pig iron needed annually by the industry, and it is thought that almost all of this should be manufactured in Britain, since the cost of imports from abroad will no longer be economic.

The question of coal, as a location factor, is less complicated for Britain than that of ore. On the one hand, cost considerations show some advantage to steel based on home ores; on the other hand, technical factors (e.g. the more exacting demands on the steel used in the continuous strip mill) make it necessary to envisage certain types of steel production being developed to an increasing extent on the richer imported ore. However efficient the home ore plants are made a limit is set on the ensuing economies if the cost of carriage is disproportionate; and in addition there is a limit to the quantity of suitable ore for the permanent maintenance of a substantial steel industry. The Report concludes that steel output on a home ore basis should not be extended beyond a further million tons of home ore a year. With these premises, the Report outlines a detailed program which includes the following points:

(a) South Wales:

In 1939, out of a total ingot production of 2,860,000 tons in this area, over two millions were required for tinplate and sheets. The existing modern plant at Ebbw Vale, with a capacity to produce 600,000 tons of hot rolled strip will be extended and supplemented by a new plant at Port Talbot, total capacity to be 1,650,000 tons a year. New cold reduction plants will be built at Ebbw Vale and Newport. With many other additions, the total capacity of South Wales will become 3,900,000 tons, of which 650,000 tons will gradually become surplus.

(b) North-East Coast:

This area has a capacity at present of about 3,000,000 ingot tons, equivalent to about 22% of the industry. The most striking new project is for the erection of a modern universal beam mill (the first in Britain), complete with the necessary steel-making furnaces and with a capacity of 375,000 tons. The cost will be $32,000,000. A modern continuous billet mill will also be installed to provide the main bulk of the total billet requirements of this area, including the maintenance at full capacity of the modern continuous bar mill at New Jarrow and the new window section mill at Darlington. Total re-equipment, including modernization of foreign ore reception and treatment, concentration of existing plants into fewer but larger ones, etc., will cost $140,000,000.

(c) Scotland:

Capacity is to be increased from the pre-war 2,000,000 tons to about 2,300,000 tons. New blast furnaces are to be built to make Scotland independent of imported pig iron. The Dalzell works, where special quality steel and large sizes of blooms and rounds are now manufactured, are to have their furnaces completely rebuilt and will then be the only producer of the largest sizes of commercial plates. As part of a long-term plan to make the sheet and rerolling industries of Scotland self-contained, a new plant will be built to include, in its initial stage, a modern continuous billet and sheet bar mill and a 4-high plate mill to roll all the light plate produced in Scotland. This new plant will be the nucleus around which the future developments of the Scottish steel industry will be planned. Detailed plans for construction of many other types of plant, and in particular of large-capacity electric furnaces for Admiralty heavy armor, are under way. Total expenditures will be about $116,000,000.

(d) Midland and North-West England:

The capacity of the modern continuous rolling mill at Shotton is to be extended to 500,000 tons of sheet a year, with a heavy proportion of scrap being used instead of the present high proportion of pig iron made from domestic ore. To make Britain self-supporting in wire rods and rod billets, two continuous wire rod mills are to be built in Lancashire, and a continuous billet mill will be built in one of these plants to supply the required tonnage. A variety of other plans are proposed to supplement modern and supersede obsolete works, a very strong emphasis being laid on the increased production of billets for re-rolling both locally and elsewhere in the country. Production from Midland ores is to be increased almost 60%. Total re-equipment is to cost $252,000,000.

IV. Partial Nationalization

A closely integrated plan of this kind — to be carried out in seven years — demands a strong central organization, and the assumption of the Report is that the Federation would have enough authority over its members to carry it out. The total cost of re-equipment is set at $672,000,000 including 30,000 tons of rolling mill plant costing $36,000,000 to be bought from the U. S. A. The Government, however, while welcoming the plan generally, expressed doubts as to whether the Federation could override individual interests to the extent required; and they questioned further whether the necessary finance could be raised.[5] Above all, with steel such a vital part of the economy, the Government argued that complete control over it could not be left to a private-enterprise body without monopoly dangers arising, and for these reasons it was necessary to take at least part of the industry into public ownership.

The difficulty was where to draw the line, and opponents of nationalization argued that with an industry of such complexity, any separation into some public and some private ownership would be artificial and unworkable. Mr. John Wilmot (Minister of Supply), whose Ministry has general responsibility for the metal and engineering industries, announced the Government's proposals for solving this problem in a House of Commons Debate on May 27-28.

The decision to nationalize was not taken lightly, said Mr. Wilmot. The general principle was accepted by the electorate, and the detailed plan was arrived at "after close and earnest study, in the conviction that it was in the best interests of the industry and of the public." In deciding what to nationalize, the guiding principle was to take over the basic processes **and all those further processes which cannot be separated from them**, leaving all separable finishing and dependent industries in private ownership. Accordingly, the Government propose to nationalize the mining and quarrying of ore, and of those coke ovens which were omitted from the coal nationalization plan as being associated with steel-works. They will nationalize the manufacture of pig iron and of steel ingots from pig iron and scrap. With this they must include the primary or heavy rolling sections of the industry, since steel smelting and primary rolling are essentially one industry, operating a continuous process. For further finishing operations, the test will be whether they are so closely integrated with the actual iron and steel making as to be virtually one process. Where they clearly are, the whole plant will be nationalized. In other cases, the field will be reviewed section by section and firm by firm, in consultation with the industry, to decide on the exact boundary to be drawn.

The same principle will be applied to iron foundries manufacturing iron castings. A large part of this industry is closely associated with engineering, and should be left in private ownership, but spun pipe foundries, for example, being invariably in association with blast furnaces, would come under public ownership.

While legislation is being prepared to carry out these proposals, the Government are anxious that modernization schemes should proceed smoothly and rapidly, and that production at the present record rate should not be interrupted. Accordingly they are setting up a Control Board "to see that the industry is carried on" and to take over the functions so far performed by the Iron and Steel Control. Representatives of management and labor will be invited to serve on the Board, which will not plan nationalization but deal for a limited period with immediate problems. All expenditure on re-equipment during this interim period will receive "proper allowance" in assessing the final compensation to be paid after nationalization.

It is impossible at this stage to estimate what proportion of the iron and steel industry will be nationalized, but the following figures from the 1935 Census of Production give some rough idea

[5]The Report estimates that half of the cost could be met from its own resources, and that there "should be no insuperable difficulty in securing the further finance required."

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INDUSTRY'S PRODUCTION PLANS

(In million tons)

	Average 1935-8	1946*	Estimate Average 1950-55
Production:			
Ingot steel	11.3	12.6	15.0
Iron castings	2.5	2.2	3.5
Pig iron	7.1	7.3	10.4
Consumption:			
Iron ore—domestic	12.3	12.6	16.4
imported	4.9	4.7	8.3
Steel-making scrap	6.6	7.5	8.3

INDUSTRY'S CAPACITY PLANS

(Thousands tons)

	Capacity in 1945	New Capacity to be built	Net Percentage Increase
Blast Furnace Capacity			
Coastal districts	4,700	2,750	17
Midland orefields	1,820	1,450	43
Other inland districts	80	550	25
Total	7,320	4,750	24
Steel Ingot Capacity			
Coastal districts	8,410	3,050	8
Midland orefields	1,890	1,660	59
Other inland districts	3,800	1,125	3
Total	14,100	5,835	13

PRODUCTION OF STEEL INGOTS AND CASTINGS (incl. Alloy) BY PROCESS AND DISTRICT IN APRIL, 1946

(Weekly Average in thousand tons)

District	Open Hearth Acid	Open Hearth Basic	Bessemer	Electric	All Other	—Total— Ingots	—Total— Castings	Total Ingots and Castings
1. Derbyshire, Leicestershire, Nottinghamshire, Northamptonshire and Essex	--	--	(Basic) 9.6	1.1	0.2	10.6	0.3	10.9
2. Lancashire (other than 10), Denbighshire, Flintshire and Cheshire; 3. Yorkshire (other than 5 and 9)	0.4	18.0	--	0.3	0.3	18.3	0.7	19.0
4. Lincolnshire	--	24.7	--	--	0.1	24.6	0.2	24.8
5. North East Coast	2.4	48.5	--	0.5	0.3	50.7	1.0	51.7
6. Scotland	5.9	32.4	--	0.4	0.5	38.1	1.1	39.2
7. Staffordshire, Shropshire Worcestershire and Warwickshire	--	11.6	--	0.4	0.5	11.7	0.8	12.5
8. South Wales and Monmouthshire	6.3	42.7	(Basic) 4.3	0.6	0.2	53.8	0.3	54.1
9. Sheffield	9.2	19.4	--	4.4	0.6	32.3	1.3	33.6
10. North-West Coast	0.1	2.5	(Acid) 3.7	--	--	6.2	0.1	6.3
Total	24.3	199.8	17.6	7.7	2.7	246.3	5.8	252.1
March, 1946	25.0	199.8	18.9	9.3	2.7	*249.4	†6.3	255.7

*Alloy steel ingots totalled 3.3 thousand. †Alloy steel casting totalled 1.0 thousand.

DELIVERIES OF FINISHED STEEL (incl. Alloy)

(Weekly Average in thousand tons)

Product	1946 March	1946 April
U.K. Production (incl. material for further conversion)*		
Heavy Rails and Sleepers	9.9	11.3
Heavy and Medium Plates	32.4	32.3
Plates—Alloy	0.4	0.2
Other Heavy Steel Products (inc. shell steel)	32.8	30.6
Light Rolled Products (excl. wire rods and alloy steel bars	50.8	46.1
Ferro Concrete Bars	3.6	3.8
Cold Rolled Strip (excl. alloy)	4.1	4.0
Bright Steel Bars (excl. alloy)	4.0	4.0
Sheets, Coated and Uncoated (excl. alloy)	23.4	20.6
Tin, Terne and Blackplate	11.2	9.6
W. I. and Steel Tubes, Pipes and Fittings—Non-Alloy	15.2	13.5
Steel Tubes, Pipes and Fittings—Alloy	0.1	0.1
Mild Steel Wire (excl. alloy)	9.6	8.4
Hard Steel Wire (excl. alloy)	2.7	2.3
Alloy Bars, Sheets, Strip and Wire	2.8	2.5
Steel Tyres, Wheels and Axles	3.4	3.3
Steel Drop Forgings—Non-Alloy	2.8	2.5
Steel Drop Forgings—Alloy	1.1	1.0
Other Steel Forgings—Non-Alloy	2.4	1.9
Other Steel Forgings—Alloy	0.4	0.3
Steel Castings—Non-Alloy	3.1	2.6
Steel Castings—Alloy	0.7	0.5
TOTAL—U. K. PRODUCTION*	216.9	201.4
Less Intra-Industry Conversion	16.3	16.8
TOTAL—NET U. K. DELIVERIES	200.6	184.6
Add Deliveries of Imported Finished Steel	---	---
TOTAL—DELIVERIES OF FINISHED STEEL	200.6	184.3

*Includes finished steel produced in the U. K. from imported ingots and semi-finished steel.

EMPLOYMENT IN METAL INDUSTRIES

	June 1939 (Thousands)	June 1945 (Thousands)	March 1946 (Thousands)
1. Metals, metal goods, engineering, vehicles, aircraft & shipbuilding:			
Males	2,290	2,578	2,375
Females	427	1,250	794
Total	2,717	3,828	3,169
of whcih: on exports work		170	695
2. Pig iron, steel melting and iron puddling, iron & st'l rolling, etc.	176	191	191
3. Tinplate	25	12	14
4. Iron and steel tube, wire, wire melting and wire rope	59	65	64
5. General engineering, engineers' iron and steel founding, etc.	705	1,140	[illegible]

Nationalization of British Steel Industry a Test Case

(Continued from page 635)

of the size of the various sections of the industry.

APPENDIX—STATISTICS

U.K. Iron and Steel Industry: Summary
(At annual rates, in million tons)

	1938	April 1946	May 1946
Iron Ore:			
*Production	11.86	12.66	12.74
Imports	5.10	6.00	
Pig Iron:			
Production	6.76	7.73	7.85
Imports	0.39	0.19	
Scrap:			
Consumption	6.14	7.94	8.22
Imports	0.63	0.61	
Steel:			
Production of Ingots and steel for castings	10.40	13.11	13.62
Trade:			
Imports of iron and steel and manufactures thereof	1.34	0.36(?)	0.60
Eports of ditto	1.92	1.89(?)	3.07

*The ferrous content of home ore is about 30%.

The total of these three sections (£162,000,000), which will be taken into public ownership together with some undefined part of the remaining sections, may be compared with a gross output of £280.6 millions for the entire iron and steel industry, and with a gross output of £491 millions for the engineering, shipbuilding and vehicle industries.

V. Will It Work?

The Government's decision has met with sharp opposition from a large section of the Press as well as from industry itself. Sir Andrew Duncan, who is Chairman of the Executive Committee of the British Iron and Steel Federation and a member of Parliament (he was formerly Minister of Supply) made what is generally agreed to have been the most forceful speech against the Government's proposals during the Debate in the House of Commons. He said that since the industry's plan had met with no serious criticism, they should be allowed to put it into effect. As it was, uncertainty would be crippling. No more than half a dozen firms out of the 500 in the steel industry know "whether they are partly in, fully in or out altogether." Another point made was that national ownership could not in this case improve efficiency, which is the only valid criterion, and would indeed hamper it since the essence of this intensely varied industry was flexibility of management. The attempt to define the boundaries of public and private ownership, said the Federation of British Industries in a public statement, "is bound to result in flexibility being replaced by rigidity, the acknowledged enemy of all progress."

It is also argued that delays in urgently needed construction are bound to result from the Government's decision, since the large vertical organizations, who are certain to be involved at least partially in nationalization would hesitate to embark in new expenditure. The Government's promise of "a proper allowance" for this expenditure in assessing compensation is held to be too vague to encourage the firms to go ahead with their plans.

In support of the Government's decision, the main argument heard has been that the dangers of a state-protected (and therefore state-subsidized) private monopoly outweigh in seriousness any delays or temporary uncertainty that may follow the present admittedly complicated proposals. Some who admit that the history of the industry since the introduction of the tariff in the 1930's ("higher prices and higher profits") must prevent giving the industry a free hand now have suggested that Government supervision or even "control" (as distinct from ownership) would meet the need; but the reply is made to this that mere "control" could never lead to the firmly executed planning that is absolutely essential if the basic part of the industry is to be drastically reorganized and made completely efficient. Even the industry's own plan, they argue, needs more than the authority of a private Federation if it is to be realized quickly and not at the pace dictated by private interests.

In this connection, a further technical point arises, while the industry's plan has been recognized as reflecting a unified approach (at least on paper), not everyone agrees that the decisions outlined there on plant location are ideal from the national point of view. Some maintain, for example, that it might be better to bring labor to new Midland plants instead of extending plants on such a vast scale in the Development Areas. Others throw doubt from a different angle on the ultimate efficiency of the regional grouping by product which is implicit in the industry's plan. This is not to say that the Government will necessarily take better decisions; but it is argued that the Government will be free to take a more objective view of the true efficiency of production in different areas, without being bound in any way by existing interests. Having taken decisions, which may involve movements of population and other radical steps, the Government, it is said, will be more able to carry them out. The proponents of this view point to the failure of coal "amalgamations" under Government "encouragement", a failure which made nationalization in the interests of efficiency much more acceptable to the public.

Perhaps the most perplexing problem presented by the Government decision is the relationship between "non-basic" sections left in private hands and similar sections nationalized because they are part of a closely integrated plant. It is too early to pass judgment, but a few suggestive points have already been made. First, privately-owned sections of the industry will not be "penalized." The Government has promised them adequate capital at "little above the gilt-edged rate." Second, the Government intends that when the boundary lines are finally drawn, the criterion used will be a strictly utilitarian one. The field will be surveyed "section by section and firm by firm" to make sure that the plan will work; and the "Economist" concedes that, given the decision to nationalize, the limits already laid down "are not unreasonable." Third, it is not suggested that truncated sections of the industry left in private hands should struggle along as best they can in that form. It is quite possible that when the demarcation lines have been drawn, the non-nationalized sections will themselves integrate into larger and more efficient units. "It would be strange," says the "Manchester Guardian", "if the Government's plan did not lead to new mergers and integration in the section left in private hands." The very wide and varied field left to private enterprise — in products where Britain is still an acknowledged leader by quality and efficiency — offers opportunities that industry will not readily ignore.

Indeed the whole success of the Government's plan will largely depend on whether the industry will adjust itself to the proposals and help to make them work. In coal, though opposition to nationalization was strong among the owners, the leading experts have rallied to make the plan a success, and the same may be true of iron and steel. It is natural that in the early stages uncertainty should persist; but some of the major plans—for example, the new universal beam mill of Dorman Long in the North-East — are already going forward, and it is quite possible that delays in buying some of the needed equipment from the United States may prove a more serious obstacle than the present uncertainty in the minds of some of the owners.

It will be a considerable time before the Government is ready to introduce legislation to give effect to its decision, and there is no reason to fear that during this period production will not continue at the present record rate. Output of steel ingots and castings in May, 1946, was at an annual rate of 13,619,000 tons, which compares with a previous high record of 13,208,000 tons in 1939, and with 9,880,000 tons in 1935. Pig iron production in May was at a rate of 7,860,000 tons a year, which compares with 7,956,000 tons in 1939 and 6,448,000 tons in 1935.

The export position is also flourishing. Exports of "iron and steel and manufactures thereof" in May, 1946, totalled 255,513 tons, compared with a monthly average of 159,656 tons in 1938. In the first five months of 1946, the largest importer of iron and steel goods from Britain was South Africa, followed in order by Denmark, the Netherlands, India, Iran and Egypt.

The outlook is very good, too, in the labor relations field. Apart from the General Strike of 1926, there have been no serious disputes in the industry since 1905, and this long tradition of peaceful relations is certain to be of help. The Government's plans will have to take account of the special wage system that prevailed in the industry before the war, where wages, mostly piece-rates, depended on sliding-scales based on the selling-prices of the products concerned. These selling-prices were worked out periodically (i.e. monthly, bi-monthly or quarterly) by accountants appointed by both sides of the industry, and wages adjusted accordingly. There has been no indication yet of what plan the Government-owned sections would put forward for wages; but it may be guessed that a guaranteed-wage system will be adopted, as it has already in the engineering and some other industries.

Taking a long view, then, it can be hoped that the nationalization plans for British iron and steel, when they are finally developed, will prove to be based on workable practice, and not on abstract ideology. Britain is going through a great "shaking-up" in many fields, and though it is somewhat uncomfortable while it lasts, the long tradition of democratic thinking and industrial skill is comforting for the outcome.

MAIN REPORT OF IRON AND STEEL GOODS

To	Quantity (thou. tons) Month 1938	Quantity (thou. tons) May 1946	Value (thou. £'s) Month 1938	Value (thou. £'s) May 1946
Eire	4.64	7.31	116.0	267.5
Palestine	0.67	13.06	16.0	413.5
S. Africa	19.26	28.55	405.6	853.6
S. Rhodesia	3.02	6.79	51.7	167.9
Br. India	13.22	8.05	270.8	330.3
Australia	14.24	4.71	376.0	258.9
N. Zealand	10.99	5.01	215.8	205.0
Canada	7.12	0.52	192.4	33.0
Finland	1.46	6.11	28.0	194.5
Norway	1.69	11.45	31.0	277.5
Denmark	7.27	24.72	105.6	839.4
Poland	0.21	6.10	15.2	274.5
Netherlands	4.30	13.25	88.1	414.3
Belgium	1.69	4.46	38.2	198.8
France	1.12	11.09	21.8	344.7
Portugal	0.64	3.53	14.6	113.1
Turkey	1.14	2.07	34.2	113.6
Egypt	2.87	11.11	52.6	298.5
Brazil	1.42	5.28	37.6	177.7
Argentina	6.61	6.37	143.9	297.4
All Countries	159.66	255.51	3,474.3	8,713.1

Will New York Take Up London's Financial Leadership?

(Continued from first page)

the seapower and apparently the growth and management of British commerce and finance from that time on gave them the leading position in the world of trade and finance. Just what enabled England to hold this position of leadership in international finance so long? And just what are the causes of this leadership being lost by London at the present time? Is New York prepared to take up this leadership of the world's financial markets? None of these questions can be answered specifically with a few sentences. But there are evidences that seem adequate for conclusive answers.

Forces Holding London Leadership

For the most part the London money market and investment markets have always been free markets. Any country and any investor could get his money, sell his securities, and use his funds when and where he pleased. Perhaps the restrictions on sterling today are the most extreme witnessed by the London money markets in a century in peace time.

In addition to this freedom of market activity, the pound sterling has held its value the best of any currency in the world for the longest period of time. These conditions are the very essentials of confidence and productive trade. Many countries found it advantageous to keep balances in London and meet their obligations to other countries in Sterling instead of their own currency or any stated currency value or its equivalent. Sterling became thus the international currency. The Sterling Area and the modern Sterling bloc naturally grew out of these united advantages. It was because of these working conditions of free markets and the management that always made it possible to get funds that enabled London with a small gold reserve to handle so much of the world's commerce. As a consequence trade and finance centered in London. The markets for raw materials, the markets for gold and silver, copper, lead and zinc and a great variety of continental and international markets grew up with the London money market, either in London or in Liverpool readily accessable to London.

The securities of all countries found a ready market in London and the London exchanges became the international capital markets of the world. As these markets grew, funds flowed into London from all parts of the world. More than one hundred years ago it was recognized and widely acclaimed that London and England had great advantages because of the magnet of London for international business transactions of all kinds. It brought a constant flow of funds from the rest of the world to London. In most normal times it was desirable for the London money market to use ways and means to expel gold from London rather than attract gold because excessive speculation and rising prices resulting from excess money were adverse factors. Stable supply of liquid assets and stable or declining prices (slowly) were more favorable to trade volume and confidence from other parts of the world.

There are many other factors which are not easy to appraise. They include the safety and protection of the British navy; the low ocean freight and insurance charges, and a professional business attitude on the part of these agencies and the banks. In addition English investors were pioneers in foreign investments and willing to take chances to build up the capitals of other countries. British foreign investments were not necessarily a drain on the domestic capital markets. The abundance of savings needed an outlet. The investments abroad soon found their way back to London in the trading in the securities markets, and the interest and dividend income. Moreover the borrowing countries maintained balances in London, and the international arbitrage between London and foreign markets drew funds to London.

Has London Lost Leadership in International Finance?

Have these conditions changed? What has England or the London Markets lost?

At the present time the economic forces that made London the leader in world finance are in some respects badly bent, but the situation is far from hopeless. The British Isles are not the safe haven they were even a decade ago, to say nothing of one hundred years ago. But with the advent of the Atomic Bomb is there any other place on earth safer for the world's storehouse of bankers' balances and international claims? The pound Sterling has been devalued for all practical purposes to half its pre-world war I value and the chances of it returning again to that old and well established value seem most remote. The soundness of the British credit between the two wars and the record for meeting long term indebtedness are not the best.

But in spite of all of these unfavorable factors the world still clings to Sterling as the international medium of exchange, and it is probably true that two-thirds of the international trade transactions are to this day done in Sterling. The growth of the Sterling bloc certainly proves that small countries see a great advantage in having their currencies convertible into some currency medium such as Sterling which is widely acceptable. This force and this mechanism has demonstrated its usefullness and it is and will remain a bulwark of strength supporting the London money market as a center for world financial exchanges. England has never devalued until compelled to do so. Interest is still paid on bank deposits in London but not in New York. The market for short term bankers bills in London is free and open. Even gold and silver are still bought and sold in a free market in London, and these are now almost as forgotten as the old time arbitrages in New York. It is true that England owes some $15 billions in Sterling to the rest of the world which she cannot pay on demand. But this is a war-created problem and no doubt will be handled by some refunding and financial arrangements. This problem is solvable.

The confidence in London as a place of free markets has probably been shaken more by policies of Labor Government than by the problems growing out of the war. When the Bank of England is no longer a free agent, and there is talk of the government taking over the coal and steel industries and reducing international trade to government controlled operations, free markets have ceased to exist. These conditions are doing more harm to the London financial markets than any competition from any other market could ever do.

The shipping trade and the insurance services will probably remain the best and cheapest in the world and these are important factors in supporting London and Liverpool as trading centers for the world in many international products.

At present London is not the free money market, the free market for investment and speculative capital, or the free trade center for commodities that it was only a few years back.

The financial gains from these free and dependable markets have been countless billions. The losses can not be measured accurately.

New York as the World's Financial Market

Does New York have what London has lost as qualifications for being the world's financial capital? Whether the U. S. is a debtor or creditor nation is a question unsettled at this time. Do we have large, free markets in investment and speculative securities open to the countries of the world? Or is the investment of American funds abroad rapidly becoming a government regulated business? Where are our free markets in gold, silver and the many raw materials and commodities of world commerce? Does the dollar command the confidence of the world and do other countries draw their bills payable in dollars against balances held in New York? Does the confidence prevail that we will not devalue the dollar unless forced to such extremes by unsurmountable barriers? Can foreign governments and traders get a small return on their balances in New York comparable with London and lesser merkets? Is the market for short term bills in New York free, open and broad? Do the regulations of the Securities and Exchange Commission and the political control of the international capital movements forestall any hope of New York becoming a world market for securities?

Will American ships, insurance and other services necessary for world trade be as available and as reasonably priced in New York as in London?

Any superficial examination will disclose that New York is a long way from having the qualities that made London the World's financial capital. While London is losing many of the necessary essential qualities for the World's financial capital, New York is not making great progress toward supplying itself with these qualities. The skilled personnel in foreign trade, foreign exchange and other matters necessary to supplant London as a financial center are certainly not adequately supplied in New York.

Governor Dewey Again A Leader Out Front

The steps taken by Governor Dewey to arrange and operate a "world trading center" is a step in the right direction. World financial markets will follow world trade in the future as they have in the past. With business leadership to end subsidies and reduce tariffs and provide the best and cheapest shipping and insurance services to be had anywhere in the world, and with financial leadership in restoring and developing free markets in foreign exchange, capital markets, securities arbitrage, and sound and dependable monetary practices open to the entire world New York has the "raw materials" to go a long way toward becoming the world's trade and financial capital.

Observations

(Continued from page 606)

Evatt's main "gripes" will be against making a rubber stamp of the Conference; against casting the small nations in the role of stooge; and in opposition to allocating prestige to countries in proportion to the size of their respective cntributions to the War. Added to this should be his personal glandular gripe against keeping personally submerged and without a "good scrap."

Herbert Vere Evatt

James F. Byrnes

Although the fiery Evatt will no doubt play the 1919 role of Eleutherios Venizelos at this conference, he will by no means perform it solo. Other highly explosive unreconstructed rebels on the present scene are Constantin Tsaldaris of Greece, Edward Kardelj of Yugoslavia, and of particular impor.ance General Romolo of the Philippines, who has demonstrated his independence and oratory so brilliantly in this country.

While the volume of verbiage from these minority personalities is assured, the net effect thereof on Conference decisions is less certain. As urged Tuesday, by Mr. Byrnes, a two-thirds vote will be required to upset a Big Four decision. Since the votes of the Moscow satellites—Poland, Yugoslavia, Czechoslovakia, the Ukraine, and White Russia—will be included, such a reversal will be most difficult to effect. The small nations can protest, argue, get fillibuster-ish, and propose amendments, to their hearts' content; but in the end they will merely be supporting one or another of the Great Powers. In some cases, of course—for example where Great Britain has been dissatisfied with the existing tentative agreements—such protests will be strongly welcomed on the receiving end.

* * * *

The Italian Firebrand

The clearest support for pessimism about Conference results is furnished by the fact that priority of consideration was awarded to the Italian treaty on the ground of its being the least controversial. For apart from its demerits, the agreement pleases no one. In the case of its Trieste "arrangement," the Yugoslavs are professing at least as much resentment as the abused Italians. The Western Powers are fundamentally dissatisfied with the compromise, because of their visceral expectation that there eventually will be absorption of Trieste into the Soviet bloc. And the UN is, or will be, troubled, because Trieste's internationalization and the keeping of the peace, will be left to the aegis of the now unforeseeable UN police force.

On the Italian treaty in general, Italy, as represented by Premier de Gasperi, is going to raise plenty of Cain. He will move for a plebescite on Trieste. After Trieste, and the stripping-away of her colonies, the greatest opposition of the Italian people is directed at the changes in the Italo-French frontier, and the tentative assignment of Briga and Tenda to France. Moreover Signor de Gasperi, must follow his people in making a fight against signing away to Yuogslavia sovereignty over Pola, Rovigno, Parenzo, and other cities on the Istrian Peninsula.

In objectionability to America and Great Britain, second only to Trieste is the appeasement of Russia on reparations. The draft treaty's agreement that the Soviet is to get $100 million worth of reparations in a seven-year period can only mean that Uncle Sam will be called upon to provide another UNRRA-ish "gravy train." From present indications, and the Byrnes-Molotov discussions, the real burden of Italy's payment to our "Ally" will fall on us. Judging by recent Russian behavior, she is likely to remove plants necessary for Italy's indispensable export business, and Moscow's demands for deliveries from current production will be goods for the production of which the United States has furnished the raw materials via subsidy.

From the objective *world* viewpoint, also, the Italian agreements represent a sorry spectacle. Apart from the ethics of the situation, the world's hopes for peace must be sabotaged by the weakening of a major country, and its consequent invitation for future aggression. If such an aggressor should happen to be France or Yugoslavia: who is going to come to the rescue of Italy? Surely Russia, England, the U. S., and UN, will be unable or unwilling to come to her rescue. Likewise in the field of human righ's and civil liberties, which are supposedly being "guaranteed" to her citizens:—who is coming to the aid of the Italian people for these noble ends? The Soviet Union, by chance?

In the face of the ominous Yugoslav threat, the disarmament of Italy, in the practical extinction of her Navy, will be disastrous for the peace of the world. And it must be realized that the Italian ships, "fully equipped, and in operational condition," are not to be handed over to the UN, where they might have been of constructive use, but to the Great Powers.

Tragically, this "best" Italian treaty looks like the firebrand of World War Three!

* * * *

Growing Nationalism

Trygve Lie

One of the most alarming results of recent political events on the Continent is the stimulation being given to intensified nationalism, and isolationism—even among European countries This trend is being actively stimulated by the seemingly hopeless struggle over Germany, which has raged unabated since V-E Day 15 months ago. In France nationalism is stimulated by Russia's antagonism to detachment of the Ruhr; in Italy because of the unfair deal she is getting; in China, Poland, Bolivia, and Chile. by the raging internal struggles and in all other countries by the mere observance of these unceasingly discouraging events. All of which adds up to a 100 per cent minus sign for the future of UN. Perhaps this furnishes a partial explanation for Secretary General Lie's recent report that there is less enthusiasm for UN in Europe than here.

* * * *

The Atom Still Overshadowing

Despite all the fanfare about the Paris meeting, the rift over atom control should still be considered of primary importance — unfortunately. "Unfortunately" because the chance for world salvation on this score was last week greatly diminished by the newest and most amazing display of Soviet irrational intransigeance.

The American control plan made substantial concessions to the Russian demands, including our wholly gratuitous and purely unselfish offer to give up exclusive possession of the most decisive military weapon in history. For her part, the Russians being asked to give up absolutely nothing. Nevertheless they are seeing fit to oppose the creation of an Interna.ional Atomic Development Authority; and they are insisting more strongly than ever on their irrational and arbitrary right to veto international action which may be ordered by such Authority or by the Security Council, whether to punish unlawful activities or even to investigate whether such activities are going on. While professing gestures of international cooperation, the Russians are insisting that there be no international control over themselves—regarding an invaluable weapon, whose know-how they simultaneously demand be donated to them forthwith. Surely a wholly impossible position in a civilized world! !

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First Boston-Mellon Merger Effective Today

(Cntinued from page 619)

preparatory to the merger, James Coggeshall, Jr. and George D. Woods were elected to the new positions of Executive Vice Presidents of the corporation. Both men, whose headquarters are in the New York office, 100 Broadway, have served The First Boston Corporation as vice presidents, directors and members of the Executive Committee. They have been associated with The First Boston Corporation or its predecessors since first entering the investment banking business.

Mr. Coggeshall joined a predecessor firm, as a securities salesman, in Boston in 1919. His activities have been mainly connected with the sales department. Mr. Coggeshall was recently elected President of the Bond Club of New York. Mr. Woods originally became associated with Harris, Forbes & Co. in 1918 and later, the Chase Harris-Forbes Corporation, joining The First Boston Corporation in 1934. His duties have been primarily in the buying department. During the war Mr. Woods served as Colonel on the Staff of the Commanding General, Army Service Forces.

Aubrey G. Lanston, a Vice President of The First Boston Corporation, and Hugh D. MacBain, up to now a Vice President of Mellon Securities Corporation, were elected members of the Executive Committee at the meeting of directors Tuesday. The Executive Committee now includes Allan M. Pope, President of the First Boston Corporation, Harry M. Addinsell, Chairman of the Executive Committee, James Coggeshall, Jr., Eugene I. Cowell, Nevil Ford, Duncan R. Linsley, William H. Potter, Jr. and George D. Woods, in addition to the two new members.

Elected as Vice Presidents of The First Boston Corporation were Hugh D. MacBain, A. B. Brushaber, George J. Gillies, S. Davidson Herron, and H. M. Jorgensen, all of whom have been Vice Presidents of Mellon Securities Corporation.

The offices of The First Boston Corporation are in Boston, New York and Pittsburgh as well as Buffalo, Chicago, Cleveland, Hartford, Philadelphia, Providence, Rutland, Vermont; San Francisco, Springfield, Mass., and Washington, D. C.

Both The First Boston Corporation and Mellon Securities Corporation have been leaders for many years in the aggregate annual amount of securities underwritten. The First Boston Corporation's trading division is one of the largest in the field. The merged corporation will maintain complete trading facilities in United States Government and municipal securities; public utility, railroad and industrial bonds, notes and preferred and common stocks; foreign bonds; bank and insurance company stocks, and bankers acceptances.

The Pittsburgh offices of the merged corporation will occupy quarters formerly used by the Mellon Securities Corporation. Mellon Securities Corporation's New York office has become a part of The First Boston Corporation's New York office.

B. H. Griswold, Jr. Dies

Benjamin Howell Griswold, Jr., senior partner in Alex. Brown & Sons, Baltimore, Md., died at his home at the age of 72. Mr. Griswold was a member of the board of trustees of Johns Hopkins University from which he was graduated in 1894, and in 1940 served as general chairman of the war relief fund campaign of the Red Cross in Maryland. During the war he was chairman of the Maryland Committee of Economic Development. He was chairman of the code committee of the Investment Bankers Association under National Recovery Administration in 1934 and 1935, chairman of the Investment Bankers Conference, Inc. from 1936 through 1939 and chairman of the National Association of Securities Dealers, Inc. from 1939 through 1942.

Transfer Ships to China

It was stated in Washington Press advices on July 16 that President Truman had signed a bill passed by Congress to authorize the transfer of 271 surplus small naval ships to China to help that country start a navy. The transfer, said the Associated Press, is to be made under conditions to be laid down by the President. The vessels may be sold, leased, traded or given outright to the Chinese Government, but no large fighting ships are involved in the transaction.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

William Wallace Lanahan, member of the Exchange, and a limited partner in Alex. Brown & Sons, Baltimore, becomes a general partner effective Aug. 1.

R. W. Courts, Jr., Courts & Co., Atlanta, Ga., now signs R. W. Courts.

Administrative Procedure Act

(Continued from page 619)

or naval authority exercised in the field in time of war or in occupied territory, or (4) functions which by law expire on the termination of present hostilities, within any fixed period thereafter, or before July 1, 1947, and the functions conferred by the following statutes: Selective Training and Service Act of 1940; Contract Settlement Act of 1944; Surplus Property Act of 1944.

(b) *Person and Party.*—"Person" includes individuals, partnerships, corporations, associations, or public or private organizations of any character other than agencies. "Party" includes any person or agency named or admitted as a party, or properly seeking and entitled as of right to be admitted as a party, in any agency proceeding; but nothing herein shall be construed to prevent an agency from admitting any person or agency as a party for limited purposes.

(c) *Rule and Rule Making.*—"Rule" means the whole or any part of any agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or to describe the organization, procedure, or practice requirements of any agency and includes the approval or prescription for the future of rates, wages, corporate or financial structures or reorganizations thereof, prices, facilities, appliances, services or allowances therefor or of valuations, costs, or accounting, or practices bearing upon any of the foregoing. "Rule making" means agency process for the formulation, amendment, or repeal of a rule.

(d) *Order and Adjudication.*—"Order" means the whole or any part of the final disposition (whether affirmative, negative, injunctive, or declatory in form) of any agency in any matter other than rule making but including licensing. "Adjudication" means agency process for the formulation of an order.

(e) *License and Licensing.*—"License" includes the whole or part of any agency permit, certificate, approval, registration, charter, membership, statutory exemption or other form of permission. "Licensing" includes agency process respecting the grant, renewal, denial, revocation, suspension, annulment, withdrawal, limitation amendment, modification, or conditioning of a license.

(f) *Sanction and Relief.*—"Sanction" includes the whole or part of any agency (1) prohibition, requirement, limitation, or other condition affecting the freedom of any person; (2) withholding of relief; (3) imposition of any form of penalty or fine; (4) destruction, taking, seizure, or withholding of property; (5) assessment of damages, reimbursement, restitution, compensation, costs, charges, or fees; (6) requirement, revocation, or suspension of a license; or (7) taking of other compulsory or restrictive action. "Relief" includes the whole or part of any agency (1) grant of money, assistance, license, authority, exemption, exception, privilege, or remedy; (2) recognition of any claim, right, immunity, privilege, exemption, or exception; or (3) taking of any other action upon the application or petition of, and beneficial to, any person.

(g) *Agency Proceeding and Action.*—"Agency proceeding" means any agency process as defined in subsections (c), (d), and (e) of this section. "Agency action" includes the whole or part of every agency rule, order, license, sanction, relief, or the equivalent or denial thereof, or failure to act.

Public Information

Sec. 3. Except to the extent that there is involved (1) any function of the United States requiring secrecy in the public interest or (2) any matter relating solely to the internal management of an agency—

(a) *Rules.*—Every agency shall separately state and currently publish in the Federal Register (1) descriptions of its central and field organization including delegations by the agency of final authority and the established places at which, and methods whereby, the public may secure information or make submittals or requests; (2) statements of the general course and method by which its functions are channeled and determined, including the nature and requirements of all formal or informal procedures available as well as forms and instructions as to the scope and contents of all papers, reports, or examinations; and (3) substantive rules adopted as authorized by law and statements of general policy or interpretations formulated and adopted by the agency for the guidance of the public, but not rules addressed to and served upon named persons in accordance with law. No person shall in any manner be required to resort to organization or procedure not so published.

(b) *Opinions and Orders.* — Every agency shall publish or, in accordance with published rule, make available to public inspection all final opinions or orders in the adjudication of cases (except those required for good cause to be held confidential and not cited as precedents) and all rules.

(c) *Public Records.*—Save as otherwise required by statute, matters of official record shall in accordance with published rule be made available to persons properly and directly concerned except information held confidential for good cause found.

Rule Making

Sec. 4. Except to the extent that there is involved (1) any military, naval, or foreign affairs function of the Unted States or (2) any matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts—

(a) *Notice.*—General notice of proposed rule making shall be published in the Federal Register (unless all persons subject thereto are named and either personally served or otherwise have actual notice thereof in accordance with law) and shall include (1) a statement of the time, place, and nature of public rule making proceedings; (2) reference to the authority under which the rule is proposed; and (3) either the terms or substance of the proposed rule or a description of the subjects and issues involved. Except where notice or hearing is required by statute, this subsection shall not apply to interpretative rules, general statements of policy, rules of agency organization, procedure, or practice, or in any situation in which the agency for good cause finds (and incorporates the finding and a brief statement of the reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest.

(b) *Procedures.*—After notice required by this section, the agency shall afford interested persons an opportunity to participate in the rule making through submission of written data, views, or arguments with or without opportunity to present the same orally in any manner; and, after consideration of all relevant matter presented, the agency shall incorporate in any rules adopted a concise general statement of their basis and purpose. Where rules are required by statute to be made on the record after opportunity for an agency hearing, the requirements of sections 7 and 8 shall apply in place of the provisions of this subsection.

(c) *Effective Dates.*—The required publication or service of any substantive rule (other than one granting or recognizing exemption or relieving restriction or interpretative rules and statements of ploicy) shall be made not less than thirty days prior to the effective date thereof except as otherwise provided by the agency upon good cause found and published with the rule.

(d) *Petitions.* — Every agency shall accord any interested person the right to petition for the issuance, amendment, or repeal of a rule.

Adjudication

Sec. 5. In every case of adjudication required by statute to be determined on the record after opportunity for an agency hearing, except to the extent that there is involved (1) any matter subject to a subsequent trial of the law and the facts de novo in any court; (2) the selection or tenure of an officer or employee of the United States other than examiners appointed pursuant to section 11; (3) proceedings in which decisions rest solely on inspections, tests, or elections; (4) the conduct of military, naval, or foreign affairs functions; (5) cases in which an agency is acting as an agent for a court; and (6) the certification of employee representatives—

(a) *Notice.*—Persons entitled to notice of an agency hearing shall be timely informed of (1) the time, place, and nature thereof; (2) the legal authority and jurisdiction under which the hearing is to be held; and (3) the matters of fact and law asserted. In instances in which private persons are the moving parties, other parties to the proceeding shall give prompt notice of issues controverted in fact or law; and in other instances agencies may by rule require responsive pleading. In fixing the times and places for hearings, due regard shall be had for the convenience and necessity of the parties or their representatives.

(b) *Procedure.* — The agency shall afford all interested parties opportunity for (1) the submission and consideration of facts, arguments, offers of settlement, or proposals of adjustment where time, the nature of the proceeding, and the public interest permit, and (2) to the extent that the parties are unable so to determine any controversy by consent, hearing, and decision upon notice and in conformity with sections 7 and 8.

(c) *Separation of Functions.*—The same officers who preside at the reception of evidence pursuant to section 7 shall make the recommended decision or initial decision required by section 8 except where such officers become unavailable to the agency. Save to the extent required for the disposition of ex parte matters as authorized by law, no such officer shall consult any person or party on any fact in issue unless upon notice and opportunity for all parties to participate; nor shall such officer be responsible to or subject to the supervision or direction of any officer, employee, or agent engaged in the performance of investigative or prosecuting functions for any agency. No officer, employee, or agent engaged in the performance of investigative or prosecuting functions for any agency in any case shall, in that or a factually related case, participate or advise in the decision, recommended decision, or agency review pursuant to section 8 except as witness or counsel in public proceedings. This subsection shall not apply in determining applications for initial licenses or to proceedings involving the validity or application of rates, facilities, or practices of public utilities or carriers; nor shall it be applicable in any manner to the agency or any member or members of the body comprising the agency.

(d) *Declaratory Orders.* — The agency is authorized in its sound discretion, with like effect as in the case of other orders, to issue a declaratory order to terminate a controversy or remove uncertainty.

Ancillary Matters

Sec. 6. Except as otherwise provided in this Act—

(a) *Appearance.* — Any person compelled to appear in person before any agency or representative thereof shall be accorded the right to be accompanied, represented, and advised by counsel or, if permitted by the agency, by other qualified representative. Every party shall be accorded the right to appear in person or by or with counsel or other duly qualified representative in any agency proceeding. So far as the orderly conduct of public business permits, any interested person may appear before any agency or its responsible officers or employees for the presentation, adjustment, or determination of any issue, request, or controversy in any proceeding (interlocutory, summary, or otherwise) or in connection with any agency function. Every agency shall proceed with reasonable dispatch to conclude any matter presented to it except that due regard shall be had for the convenience and necessity of the parties or their representatives. Nothing herein shall be construed either to grant or to deny to any person who is not a lawyer the right to appear for or represent others before any agency or in any agency proceeding.

(b) *Investigations.*—No process, requirement of a report, inspection, or other investigative act or demand shall be issued, made, or enforced in any manner or for any purposes except as authorized by law. Every person compelled to submit data or evidence shall be entitled to retain or, on payment of lawfully prescribed costs, procure a copy or transcript thereof, except that in a nonpublic investigatory proceeding the witness may for good cause be limited to inspection of the official transcript of his testimony.

(c) *Subpenas.* — Agency subpenas authorized by law shall be issued to any party upon request and, as may be required by rules of procedure, upon a statement or showing of general relevance and reasonable scope of the evidence sought. Upon contest the court shall sustain any such subpena or similar process or demand to the extent that it is found to be in accordance with law and, in any proceeding for enforcement, shall issue an order requiring the appearance of the witness or the production of the evidence or data within a reasonable time under penalty of punishment for contempt in case of contumacious failure to comply.

(d) *Denials.* — Prompt notice shall be given of the denial in whole or in part of any written application, petition, or other request of any interested person made in connection with any agency proceeding. Except in affirming a prior denial or where the denial is self-explanatory, such notice shall be accompanied by a simple statement of procedural or other grounds.

Hearings

Sec. 7. In hearings which section 4 or 5 requires to be conducted pursuant to this section—

(a) *Presiding Officers.*—There shall preside at the taking of evidence (1) the agency, (2) one or more members of the body which comprises the agency, or (3) one or more examiners appointed as provided in this Act; but nothing in this Act shall be deemed to supersede the conduct of specified classes of proceedings in whole or part by or before boards or other officers specially provided for by or designated pursuant to statute. The functions of all presiding officers and of officers participating in decisions in conformity with section 8 shall be conducted in an impartial manner. Any such officer may at any time withdraw if he deems himself disqualified; and, upon the filing in good faith of a timely and sufficient affidavit of personal bias or disqualification of any such officer, the agency shall determine the matter as a part of the record and decision in the case.

(b) *Hearing Powers.*—Officers presiding at hearings shall have authority, subject to the published rules of the agency and within its powers, to (1) administer oaths and affirmations, (2) issue subpenas authorized by law, (3) rule upon offers of proof and receive relevant evidence, (4) take or cause depositions to be taken whenever the ends of justice would be served thereby, (5) regulate the course of the hearing, (6) hold conferences for the settlement or simplification of the issues by consent of the parties, (7) dispose of procedural requests or similar matters, (8) make decisions or recommend decisions in conformity with section 8, and (9) take any other action authorized by agency rule consistent with this Act.

(c) *Evidence.*—Except as statutes otherwise provide, the proponent of a rule or order shall have the burden of proof. Any oral or documentary evidence may be received, but every agency shall as a matter of policy provide for the exclusion of irrelevant, immaterial, or unduly repetitious evidence and no sanction shall be imposed or rule or order be issued except upon consideration of the whole record or such portions thereof as may be cited by any party and as supported by and in accordance with the reliable, probative, and substantial evidence. Every party shall have the right to present his case or defense by oral or documentary evidence, to submit rebuttal evidence, and to conduct such cross-examination as may be required for a full and true disclosure of the facts. In rule making or determining claims for money or benefits or applications for initial licenses any agency may, where the interest of any party will not be prejudiced thereby, adopt procedures for the submission of all or part of the evidence in written form.

(d) *Record.*—The transcript of testimony and exhibits, together with all papers and requests filed in the proceeding, shall constitute the exclusive record for decision in accordance with section 8 and, upon payment of lawfully prescribed costs, shall be made available to the parties. Where any agency decision rests on official notice of a material fact not appearing in the evidence in the record, any party shall on timely request be afforded an opportunity to show the contrary.

Decisions

Sec. 8. In cases in which a hearing is required to be conducted in conformity with section 7—

(a) *Action by Subordinates.*—In cases in which the agency has not presided at the reception of the evidence, the officer who presided (or, in cases not subject to subsection (c) of section 5, any other officer or officers qualified to preside at hearings pursuant to section 7) shall initially decide the case or the agency shall require (in specific cases or by general rule) the entire record to be certified to it for initial decision. Whenever such officers make the initial decision and in the absence of either an appeal to the agency or review upon motion of the agency within time provided by rule, such decision shall without further proceedings then become the decision of the agency. On appeal from or review of the initial decisions of such officers the agency shall, except as it may limit the issues upon notice or by rule, have all the powers which it would have in making the initial decision. Whenever the agency makes the initial decision without having presided at the reception of the evidence, such officers shall first recommend a decision except that in rule making or determining applications for initial licenses (1) in lieu thereof the agency may issue a tentative decision or any of its responsible officers may recommend a decision or (2) any such procedure may be omitted in any case in which the agency finds upon the record that due and timely execution of its functions imperatively and unavoidably so requires.

(b) *Submittals and decisions.*—Prior to each recommended, initial, or tentative decision, or decision upon agency review of the decision of subordinate officers the parties shall be afforded a reasonable opportunity to submit for the consideration of the officers participating in such decisions (1) proposed findings and conclusions, or (2) exceptions to the decisions or recommended decisions of subordinate officers or to tentative agency decisions, and (3) supporting reasons for such exceptions or proposed findings or conclusions. The record shall show the ruling upon each such finding, conclusion, or exception presented. All decisions (including initial, recommended, or tentative decisions) shall become a part of the record and include a statement of (1) findings and conclusions, as well as the reasons or basis therefor, upon all the material issues of fact, law, or discretion presented on the record; and (2) the appropriate rule, order, sanction, relief, or denial thereof.

Sanctions and Powers

Sec. 9. In the exercise of any power or authority—

(a) *In General.*—No sanction shall be imposed or substantive rule or order be issued except within jurisdiction delegated to the agency and as authorized by law.

(b) *Licenses.*—In any case in which application is made for a license required by law the agency, with due regard to the rights or privileges of all the interested parties or adversely affected persons and with reasonable dispatch, shall set and complete any proceedings required to be conducted pursuant to sections 7 and 8 of this Act or other proceedings required by law and shall make its decision. Except in cases of willfulness or those in which public health, interest, or safety requires otherwise, no withdrawal, suspension, revocation, or annulment of any license shall be lawful unless, prior to the institution of agency proceedings therefor, facts or conduct which may warrant such action shall have been called to the attention of the licensee by the agency in writing and the licensee shall have been accorded opportunity to demonstrate or achieve compliance with all lawful requirements. In any case in which the licensee has, in accordance with agency rules, made timely and sufficient application for a renewal or a new license, no license with reference to any activity of a continuing nature shall expire until such application shall have been finally determined by the agency.

Judicial Review

Sec. 10. Except so far as (1) statutes preclude judicial review or (2) agency action is by law committed to agency discretion—

(a) *Right of Review.*—Any person suffering legal wrong because of any agency action, or adversely affected or aggrieved by such action within the meaning of any relevant statute, shall be entitled to judicial review thereof.

(b) *Form and venue of action.*—The form of proceeding for judicial review shall be any special statutory review proceeding relevant to the subject matter in any court specified by statute or, in the absence or inadequacy thereof, any applicable form of legal action (including actions for declaratory judgments or writs of prohibitory or mandatory injunction or habeas corpus) in any court of competent jurisdiction. Agency action shall be subject to judicial review in civil or criminal proceedings for judicial enforcement except to the extent that prior, adequate, and exclusive opportunity for such review is provided by law.

(c) *Reviewable Acts.* — Every agency action made reviewable by statute and every final agency action for which there is no other adequate remedy in any court shall be subject to judicial review. Any preliminary, procedural, or intermediate agency action or ruling not directly reviewable shall be subject to review upon the review of the final agency action. Except as otherwise expressly required by statute, agency action otherwise final shall be final for the purposes of this subsection whether or not there has been presented or determined any application for a declaratory order, for any form of reconsideration, or (unless the agency otherwise requires by rule and provides that the action meanwhile shall be inoperative) for an appeal to superior agency authority.

(d) *Interim Relief.*—Pending judicial review any agency is authorized, where it finds that justice so requires, to postpone the effective date of any action taken by it. Upon such conditions as may be required and to the extent necessary to prevent irreparable injury, every reviewing court (including every court to which a case may be taken on appeal from or upon application for certiorari or other writ to a reviewing court) is authorized to issue all necessary and appropriate process to postpone the effective date of any agency action or to preserve status or rights pending conclusion of the review proceedings.

(e) *Scope of review.*—So far as necessary to decision and where presented the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of any agency action. It shall (A) compel agency action unlawfully withheld or unreasonably delayed; and (B) hold unlawful and set aside agency action, findings, and conclusions found to be (1) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; (2) contrary to constitutional right, power, privilege, or immunity; (3) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right; (4) without observance of procedure required by law; (5) unsupported by substantial evidence in any case subject to the requirements of sections 7 and 8 or otherwise reviewed on the record of an agency hearing provided by statute; or (6) unwarranted by the facts to the extent that the facts are subject to trial de novo by the reviewing court. In making the foregoing determinations the court shall review the whole record or such portions thereof as may be cited by any party, and due account shall be taken of the rule of prejudicial error.

Examiners

Sec. 11. Subject to the civil-service and other laws to the extent not inconsistent with this Act, there shall be appointed by and for each agency as many qualified and competent examiners as may be necessary for proceedings pursuant to sections 7 and 8, who shall be assigned to cases in rotation so far as practicable and shall perform no duties inconsistent with their duties and responsibilities as examiners. Examiners shall be removable by the agency in which they are employed only for good cause established and determined by the Civil Service Commission (hereinafter called the Commission) after opportunity for hearing and upon the record thereof. Examiners shall receive compensation prescribed by the Commission independently of agency recommendations or ratings and in accordance with the Classification Act of 1923, as amended, except that the provisions of paragraphs (2) and (3) of subsection (b) of section 7 of said Act, as amended, and the provisions of section 9 of said Act, as amended, shall not be applicable. Agencies occasionally or temporarily insufficiently staffed may utilize examiners selected by the Commission from and with the consent of other agencies. For the purposes of this section, the Commission is authorized to make investigations, require reports by agencies, issue reports, including an annual report to the Congress, promulgate rules, appoint such advisory committees as may be deemed necessary, recommend legislation, subpena witnesses or records, and pay witness fees as established for the United States courts.

Construction and Effect

Sec. 12. Nothing in this Act shall be held to diminish the constitutional rights of any person or to limit or repeal additional requirements imposed by statute or otherwise recognized by law. Except as otherwise required by law, all requirements or privileges relating to evidence or procedure shall apply equally to agencies and persons. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other applications of such provision shall not be affected. Every agency is granted all authority necessary to comply with the requirements of this Act through the issuance of rules or otherwise. No subsequent legislation shall be held to supersede or modify the provisions of this Act except to the extent that such legislation shall do so expressly. This Act shall take effect three months after its approval except that sections 7 and 8 shall take effect six months after such approval, the requirement of the selection of examiners pursuant to section 11 shall not become effective until one year after such approval, and no procedural requirement shall be mandatory as to any agency proceeding initiated prior to the effective date of such requirement.

Approved June 11, 1946.

E. Schuyler Jackson With Dean Witter Co.

Dean Witter & Co., members of the New York and other leading stock exchanges, announce that E. Schuyler Jackson has become associated with the firm in the New York office, 14 Wall Street. Mr. Jackson, formerly a member of the New York Stock Exchange from 1929 to 1937, is also a past governor of the Philadelphia Stock Exchange. Prior to his new association Mr. Jackson was in the investment counsel business under his own name.

Warner Adds Barron

J. Arthur Warner & Co., Inc., 120 Broadway, New York City, announces that Walter R. Barron is now associated with them in their New York Trading Department.

Philadelphia Stock Ex. Oldest in America

(Continued from page 618)

Anderson, Stock Broker, 104 Chestnut Street.

For approximately 50 years, from 1780, the City Tavern and later the Merchants' Coffee House fulfilled the functions of what is now the Philadelphia Stock Exchange. In May, 1831, at a meeting at Girard's Bank, the Philadelphia Merchants Exchange Co. was formed to erect a building at Third and Walnut Streets. The cornerstone was laid Feb. 22, 1832, the one hundredth anniversary of the birth of George Washington.

On Dec. 8, 1875, the title "Board of Brokers," by which the membership was known, was changed to "Philadelphia Stock Exchange."

The intervening years were high-lighted by the following duly recorded historical "permissions":

Sept. 27, 1836—Permission given to use gas.

Jan. 5, 1846—Permission given to use one of the rooms for use of the magnetic telephone.

Aug. 10, 1846—Sale of liquors and refreshments permitted.

Nov. 6, 1851—Furnace installed under southwest corner of building.

Nov. 16, 1864 — Restaurant installed.

Sept. 17, 1875—Use of small engine permitted for purpose of driving fans in two rooms.

Jan. 7, 1882 — Heat by steam boilers.

Jan. 7, 1882—Use of passenger elevators.

In October, 1888, the Exchange moved to Drexel Building, 6th and Chestnut Street, and in December, 1902, to a new structure at Third and Walnut Streets. In 1912, the Exchange moved to its present building, 1411 Walnut Street.

Rich as the Philadelphia Stock Exchange is in historical lore and legend, it is and will necessarily remain somewhat overshadowed by its proximity to the larger primary markets in New York, the nation's financial capital. Nevertheless, the Philadelphia Exchange remains alert and progressive and has found its proper function in the system of national exchanges.

The Board of Governors of the Philadelphia Stock Exchange has successfully adopted a policy of supplementing the markets for securities listed and actively traded on the New York Stock Exchange and New York Curb Exchange by dealing in these same issues locally. There are about 350 such dual listings. In many instances, Philadelphia brokers will match New York sales, item for item. This tends to stabilize prices. Many of the issues active in New York are handled on the Philadelphia Exchange by registered odd lot dealers who are committed to provide odd lot executions at the customary differential based on the succeeding New York sale. Thus an odd lot order, placed in Philadelphia, will receive execution identical with New York and, again, possible market "pressure" is stabilized.

Eddie Davis Takes Duties Seriously

PHILADELPHIA, Pa.—Edmund J. Davis, Rambo, Keen, Close & Kerner, venerable president of Philadelphia Investment Traders Association, is considerably tied down by the care of his 6-months-old son. Eddie is afraid he will not be able to head the Philadelphia delegation to the N.S.T.A. convention in Seattle next month. He reconciles himself, however, by bringing the seashore to his front lawn where he playfully squirts the garden hose on casual visitors.

Williams Director Of Md. Casualty Co.

CHICAGO, Ill.—At a recent meeting of the Board of Directors of Maryland Casualty Company of Baltimore, the election of Milton L. Williams as a director was approved. Mr. Williams will serve as a member of the Finance Committee.

Milton L. Williams

Williams is associated with Cruttenden & Co., 209 South La Salle Street, principal stock exchanges. He is a graduate of the University of Illinois, a member of the Tribe of Illini and of Phi Epsilon Kappa, honorary athletic fraternity; also a member of Kappa Phi Kappa, honorary education fraternity. He played on the university baseball team that visited Japan in 1928.

Williams is also a member of the Furniture Club of America.

McCormick, Joiner Join Holley, Dayton

CHICAGO, ILL.—T. E. Joiner, Jr., formerly a lieutenant in the army air corps, and William G. McCormick, II, also recently in the army air corps, have joined Holley, Dayton & Gernon, investment house, 105 South La Salle Street, it is announced. Mr. Joiner was previously in the securities business in Houston, Texas with J. R. Phillips & Co. He is the son of T. E. Joiner who formerly headed Hill, Joiner & Co., and T. E. Joiner & Company, both well-known La Salle Street houses. Prior to his 4½ years service in the army, Mr. McCormick was associated with the Coca Cola Company in Baltimore. Wisconsin branches of the Company include Madison, LaCrosse, Eau Claire, Fond du Lac and Wausau with another branch in Roswell, New Mexico.

FIC Banks Place Debs.

A successful offering of an issue of debentures for the Federal Intermediate Credit Banks was made July 22 by Charles R. Dunn, New York, fiscal agent for the banks. The financing consisted of $32,730,000 1% consolidated debentures dated Aug. 1, 1946, and due May 1, 1947. The issue was placed at par. Of the proceeds $26,165,000 was used to retire a like amount of debentures maturing Aug. 1, 1946, and $6,565,000 is new money. As of Aug. 1, 1946, the total amount of debentures outstanding was $322,340,000.

Dempsey & Co. Offers Great Lakes Plating Stk

An offering of 115,000 shares of Great Lakes Plating Co. common stock was made July 26 at $7.00 per share by a group of underwriters, including Dempsey & Company, Ames, Emerich & Co., Inc. Sills, Minton & Co., Mason Brothers and Burr & Co., Inc.

The company is principally engaged in plating articles furnished to it by others such as automobile accessories, radios and electrical parts and household items. The company is one of the largest job platers in the Middle West.

Full Text of New OPA Bill

(Continued from page 609)

lifted ceiling prices on many products, including automobiles and clothing.

Rent Ceilings Restored

Rent ceilings in effect June 30, 1946, and eviction controls were immediately ordered restored when the new OPA Act became effective.

The new Act thus will replace all State and local rent controls, which have gone into effect since July 1, 1946. The Act provides "while maximum rents are in effect under this Act with respect to housing accommodations in any defense-rental area, such housing accommodations shall not be subject to rent control by any State or local government."

Following is the full text of the new law:

(Public Law 548—79th Congress)
(Chapter 671—2d Session)
(H. J. Res. 371)

JOINT RESOLUTION

Extending the effective period of the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 (b) of the Emergency Price Control Act of 1942, as amended, is amended by striking out "June 30, 1946" and substituting "June 30, 1947."

Sec. 2. Section 6 of the Stabilization Act of 1942, as amended, is amended by striking out "June 30, 1946" and substituting "June 30, 1947."

Sec. 3. Title I of the Emergency Price Control Act of 1942, as amended, is amended by inserting after section 1 thereof a new section as follows:

"Purposes and Policies in the Transition Period

"Sec. 1A. (a) Objectives.—The Congress hereby affirms—

"(1) that because of abnormally excess spending power in relation to the presently available supply of commodities, rapid attainment of production equal to the public demand is one of the necessary and urgent objectives for the prevention of inflation and for the achievement of a reasonable stability in the general level of prices and rents, cost of living and costs of production (including labor costs), for the purposes set forth in section 1 of this Act and for the further purposes of protecting the real value of benefits provided by law for veterans and their dependents, of keeping faith with purchasers of United States War Bonds, and of making possible a successful transition to a peacetime economy of maximum employment, production, and purchasing power under a system of free enterprise;

"(2) that unnecessary or unduly prolonged controls over prices and rents and use of subsidies would be inconsistent with the return to such a peacetime economy and would tend to repress and prevent the attainment of this and the other goods herein declared; and

"(3) that adequate prices are necessary stimulants to the production thus desired and the expeditious attainment of said goals.

"(b) *Declaration of Decontrol Policy.*—Therefore, it is hereby declared to be the policy of the Congress that the Office of Price Administration, and other agencies of the Government, shall use their price, subsidy, and other powers to promote the earliest practicable balance between production and the demand therefor of commodities under their control, and that the general control of prices and the use of subsidy powers shall, subject to other specific provisions of this Act, be terminated as rapidly as possible consistent with the policies and purposes set forth in this section and in no event later than June 30, 1947, and on that date the Office of Price Administration shall be abolished.

"(c) *Recommendations by the President to the Congress.*—(1) As soon as practicable after the enactment of this section and in any event on or before January 15, 1947, the President shall recommend to the Congress such further legislation as in his judgment is needed to establish monetary, fiscal, and other policies which are adequate to supplement the control of prices and wages during the balance of the fiscal year 1947, and to insure that general control of prices and wages can be terminated by the end of that fiscal year without danger of inflation thereafter.

"(2) On or before April 1, 1947, the President shall report to the Congress what, if any, commodities or classes of commodities, including housing accommodations, are in such critically short supply as to necessitate, in his judgment, the continuance of the powers granted by this Act as to them after June 30, 1947, together with his recommendations as to established departments or agencies of the Government (other than the Office of Price Administration) which should be charged with the administration of such powers.

"(d) *Decontrol of Nonagricultural Commodities.*—(1) On or before December 31, 1946, the Administrator shall decontrol all nonagricultural commodities not important in relation to business costs or living costs, and prior to that date shall proceed with such decontrol as rapidly as, in his judgment, will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect. In no event shall maximum prices be maintained after December 31, 1946, for any nonagricultural commodity or class of commodities unless the same has been expressly found by the Administrator to be important in relation to business costs or living costs.

"(2) The Administrator shall provide for the prompt removal of maximum prices in the case of any nonagricultural commodity whenever the supply thereof exceeds or is in approximate balance with the demand therefor (including appropriate inventory requirements).

"(3) Whenever, after a reasonable test period, it appears that the supply of a nonagricultural commodity which has been decontrolled is no longer consistent with the applicable decontrol standard, the Administrator, with the advance consent in writing of the Price Decontrol Board established under subsection (h), shall reestablish such maximum prices for the commodity, consistent with applicable provisions of law, as in his judgment may be necessary to effectuate the purposes of this Act. The supply of a nonagricultural commodity shall be deemed inconsistent with the applicable decontrol standard in any case where the prices of the commodity have risen to and after a reasonable test period remain at unreasonable and inflationary levels.

"(4) Nothing contained in this Act shall be construed to authorize the Administrator to impose or maintain price controls with respect to petroleum or petroleum products processed or manufactured in whole or substantial part from petroleum, except that, after August 20, 1946, maximum prices with respect thereto may be reestablished pursuant to the provisions of paragraph (3) of this subsection (d), but only under the standards prescribed in paragraph (8) (C) of subsection (e).

"(e) *Agricultural Commodities.*—(1) On the first day of the first calendar month which begins more than thirty days after the date of enactment of this section, the Secretary of Agriculture shall certify to the Price Administrator each agricultural commodity which such Secretary determines to be in short supply. Thereafter, on the first day of each succeeding calendar month the Secretary shall certify modifications of such certification by adding other agricultural commodities which have become in short supply and by removing from such certification such commodities which he determines are no longer in short supply. No maximum price shall be applicable with respect to any agricultural commodity during any calendar month which begins more than thirty days after the date of enactment of this section, unless such commodity is certified to the Price Administrator under this paragraph as being in short supply.

"2. (A) Whenever the Secretary of Agriculture determines that maximum prices applicable to any agricultural commodity which is in short supply are impeding the necessary production of such commodity, he may recommend to the Price Administrator such adjustments in such maximum prices as the Secretary determines to be necessary to attain the necessary production of such commodity.

"(B) The Secretary of Agriculture by December 31, 1946, shall recommend to the Price Administrator the removal of maximum prices on all agricultural commodities, whether or not in short supply, not important in relation to business costs or living costs, and prior to that date shall make such recommendations as rapidly as, in his judgment, will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect.

"(C) Within ten days after the receipt of any recommendation under this subsection for the adjustment of maximum prices applicable to any agricultural commodity, or for the removal of maximum prices on agricultural commodities not important in relation to business costs or living costs, the Price Administrator shall adjust or remove such maximum prices in accordance with such recommendations.

"(3) Whenever the Secretary of Agriculture determines that an agricultural commodity with respect to which maximum prices have been removed is in short supply and that the reestablishment of maximum prices with respect thereto is necessary to effectuate the purposes of this Act, the Secretary, with the written consent of the Price Decontrol Board, may recommend to the Administrator, and the Administrator shall establish, such maximum prices with respect to such commodity, consistent with applicable provisions of law, as in the judgment of the Secretary are necessary to effectuate the purposes of this Act.

"(4) For the purposes of this section (except subparagraph (6) of this subsection (d))—

"(A) an agricultural commodity shall be deemed to be in short supply unless the supply of such commodity equals or exceeds the requirements for such commodity for the current marketing season;

"(B) the term 'agricultural commodity' shall be deemed to mean any agricultural commodity and any food or feed product processed or manufactured in whole or substantial part from any agricultural commodity;

"(C) the term 'subsidy' means any subsidy or purchase and sale operations described in the last paragraph of section 2 (e) of this Act.

"(5) Notwithstanding any other provision of this or any other law, except as provided in subsection (h), the Secretary of Agriculture, in exercising his functions under this Act, shall not be subject to the direction or control of any other appointive officer or agency in the executive branch of the Government, and no such officer or agency shall undertake to exercise any direction or control over the Secretary of Agriculture with respect to the exercise of such functions. The Secretary of Agriculture may at any time withdraw his approval of any action with respect to which his approval is required under this Act, and upon the withdrawal of his approval such action shall be rescinded.

"(6) No maximum price and no regulation or order under this Act or the Stabilization Act of 1942, as amended, shall be applicable with respect to any agricultural commodity, or any service rendered with respect to any agricultural commodity, unless a regulation or order establishing a maximum price with respect to such commodity had been issued under this Act prior to April 1, 1946.

"(7) No maximum price and no regulation or order under this Act or the Stabilization Act of 1942, as amended, shall be applicable with respect to poultry or eggs or food or feed products processed or manufactured in whole or substantial part therefrom, or in the case of leaf tobacco or tobacco products processed or manufactured in whole or substantial part therefrom, except that, after August 20, 1946, maximum prices with respect thereto may be reestablished pursuant to the provisions of paragraph (3) of this subsection (e), but only under the standards prescribed in paragraph (8) (C) of this subsection (e).

"(8) (A) No maximum price and no regulation or order under this Act or the Stabilization Act of 1942, as amended, shall be applicable prior to August 21, 1946, with respect to livestock, milk, or food or feed products processed or manufactured in whole or substantial part from livestock or milk; with respect to cottonseed or soybeans, or food or feed products processed or manufactured in whole or substantial part from cottonseed or soybeans; with respect to grains for which standards have been established under the United States Grain Standards Act, as amended, or any livestock or poultry feed processed or manufactured in whole or substantial part therefrom.

"(B) The Price Decontrol Board shall proceed forthwith to consider whether the commodities listed in subparagraph (A) shall continue, after August 20, 1946, to be free from regulation under this Act, and the Stabilization Act of 1942, as amended. Such Board, after due notice of a public hearing and full opportunity for representatives of affected industries and consumers to present their views orally or in writing, shall have power to determine whether or not any commodity listed in subparagraph (A) shall be regulated after August 20, 1946, under this Act and the Stabilization Act of 1942, as amended. Such Board shall direct that any such commodity shall not be so regulated unless it finds:

"(i) that the price of such commodity has risen unreasonably above a price equal to the lawful maximum price in effect on June 30, 1946, plus the amount per unit of any subsidy payable with respect thereto as of June 29, 1946, and

"(ii) that such commodity is in short supply and that its regulation is practicable and enforceable, and

"(iii) that the public interest will be served by such regulation.

If in the case of any commodity listed in subparagraph (A) such Board fails to direct, on or before August 20, 1946, that such commodity shall not be regulated under this Act and the Stabilization Act of 1942, as amended, maximum prices and regulations and orders under such Acts shall be applicable with respect to such commodity without regard to this paragraph (8).

"(C) If in the case of any commodity listed in subparagraph (A) such Board, on or before August 20, 1946, does direct that such commodity shall not be regulated under such Acts, the Board may at any subsequent time direct that such commodity shall be so regulated if it finds:

"(i) that the price of such commodity has risen unreasonably above a price equal to the lawful maximum price in effect on June 30, 1946, plus the amount per unit of any subsidy payable with respect thereto as of June 29, 1946; and

"(ii) that such commodity is in short supply and that its regulation is practicable and enforceable; and

"(iii) that the public interest will be served by such regulation.

Thereafter, the provisions of such Acts and regulations and orders thereunder shall be applicable with respect to such commodity without regard to this paragraph (8).

"(D) In the case of milk, the Board may consider and determine decontrol or recontrol on a regional basis.

"(9) The Price Decontrol Board shall also have power to determine, when maximum prices are in effect with respect to any commodity listed in paragraph (8) (A), whether any subsidy or any part thereof in effect prior to June 30, 1946, shall be reestablished in whole or in part; and the powers of the Administrator, the Commodity Credit Corporation, and the Reconstruction Finance Corporation to pay subsidies in connection with such commodity shall be limited in accordance with any order of the Board.

"(10) Whenever maximum prices are in effect for any commodity processed or manufactured in whole or substantial part from any commodity listed in paragraph (8) (A) with respect to which maximum prices are not in effect, no maximum price, and no margin, mark-up, or discount, shall be maintained with respect to such processed or manufactured commodity which does not return to the processors, manufacturers, and distributors thereof (A) the raw material cost (which must be computed at least once every sixty days at not less than the current cost), (B) the conversion or distribution cost, and (C) a reasonable profit.

"(f) *Saving Provision.*—Nothing in this section shall limit the Administrator's authority to remove maximum prices for any non-agricultural commodity, or any agricultural commodity with the approval of the Secretary of Agriculture, at an earlier time than would be required by this section, if in his judgment or in the judgment of the Secretary of Agriculture, as the case may be, such action would be consistent with the purposes of this section.

"(g) *Petitions for Decontrol.*—(1) If in the judgment of the industry advisory committee appointed by the Administrator in accordance with sections 2 (a) of this Act to advise and consult with respect to a commodity, the standards set forth in this section require the removal of maximum prices for such commodity, it may file a petition for the removal of such maximum prices. In the case of any nonagricultural commodity, such petition shall be filed with the Administrator in accordance with regulations prescribed by him. In the case of agricultural commodities, such petition shall be filed with the Secretary of Agriculture in accordance with regulations prescribed by him and shall request that he make an appropriate certification or recommendation to the Price Administrator. The petition shall specifically state the grounds upon which the committee believes such action to be required and shall be accompanied by affidavits or other written evidence in support thereof.

"(2) Within fifteen days after receiving a petition filed in accordance with the provisions of this subsection, the Administrator or the Secretary of Agriculture, as the case may be, shall either grant the petition or inform the committee in writing why in his judgment the standards for decontrol stated in subsections (d) and (e) have not been satisfied with respect to the commodity involved. If the petition is not granted in full, the Administrator or the Secretary, as the case may be, shall, within ten days after the receipt of a request by the committee for further consideration of its petition, hold a hearing before himself or before a deputy administrator (or, in the case of the Secretary, before such officer as he may designate) at which the committee may present its argument in support of the petition. The Consumers Advisory Committee and the Labor Advisory Committee appointed by the Administrator shall be given notice of any such hearing and an opportunity to present their views with respect to the petition and may, not later than five days prior to such hearing, present in writing evidence relating thereto. Within fifteen days after such hearing, the Administrator or the Secretary, as the case may be, shall either grant the petition in full or furnish the industry advisory committee with a statement in writing of his reasons for denying it in whole or in part together with a statement of any economic data or other facts of which he has taken official notice in connection with such denial.

"(3) At any time within thirty days after the denial in whole or in part, following a hearing, of a petition filed under this subsection, the petitioning industry advisory committee may petition the Price Decontrol Board established under subsection (h) for a review of the action of the Administrator or the Secretary of Agriculture. If the Administrator or the Secretary, as the case may be, fails to act upon a petition within the time prescribed by paragraph (2), the industry advisory committee may, at any time within thirty days after the expiration of the time so prescribed, petition the Price Decontrol Board for the removal of maximum prices on the commodity involved.

"(4) Nothing in this section shall be construed to take away or impair any right of any person to protest, in accordance with the provisions of sections 203 and 204 of this Act, the further maintenance of maximum prices for a commodity under the standards of subsection (d) or (e): *Provided*, That the filing of such a protest or of a petition under paragraph 3 of this subsection shall not be grounds for staying any proceeding brought pursuant to section 205 of this Act or section 37 of the Criminal Code, and no retroactive effect shall be given to any judgment setting aside a provision of a regulation, order, or price schedule under the standards set forth in this section.

"(h) *Price Decontrol board.*—(1) There is hereby established as an independent agency in the executive branch of the Government a Price Decontrol Board to be composed of three members appointed by the President by and with the advice and consent of the Senate. Not more than two members of the Board shall be members of the same political party. Two members of the Board shall constitute a quorum, and a vacancy in the membership of the Board shall not impair the power of the remaining members to exercise its functions. Members of the Board shall receive compensation at the rate of $12,000 a year.

"(2) The Board shall appoint and fix the compensation of a secretary for the Board and such other officers and employes as may be necessary to enable it to perform its functions. The Board may make such expenditures as may be necessary for performing its functions. The Board may, with the consent of the head of the department or agency concerned, utilize the facilities, services, and personnel of other agencies or departments of the Government. The Board shall maintain an office in charge of its secretary in the District of Columbia, which shall be open on all business days for the receipt of petitions for review and the transaction of other business of the Board. The Board shall prescribe regulations and procedures for the conduct of its business which will provide for summary disposition, with the utmost expedition consistent with sound decision, of petitions filed with the Board.

"(3) A petition made under subsection (g) (3) shall specifically state the grounds upon which the petitioning industry advisory committee believes that maximum prices on the commodity involved should be removed. A copy of such petition shall forthwith be served on the Administrator or the Secretary, as the case may be, who shall within such time as may be fixed by the Board certify and file with the Board a transcript of such portions of the proceedings in connection with the petition under subsection (g) as are material. Such transcript shall include a statement in writing of the Administrator's or Secretary's reasons for believing that maximum prices on the commodity involved should not be removed, together with a statement of any economic data or other facts of which he has taken official notice. At the earliest practicable time the Board shall conduct a hearing upon the petition, at which the Administrator or the Secretary, as the case may be, and the committee shall be given an opportunity to present their views and argument orally or in writing. If application is made to the Board by either party for leave to introduce additional evidence, the Board may permit such evidence to be introduced or filed with it if it deems it material and determines that such evidence could not reasonably have been offered or included in the proceedings under subsection (g). At the earliest practicable time after the hearing on any petition, the Board shall make and issue an order specifying the extent, if any, to which maximum prices on the commodity involved shall be removed. The Board shall order the removal of such maximum prices if and to the extent that in its judgment the standards of decontrol stated in subsection (d) or (e) have been satisfied with respect to the commodity involved. The Administrator shall remove maximum prices with respect to the commodity in question within such time and to such extent as shall be specified in the order of the Board. Orders of the Board shall not be subject to modification or review by any other department or agency or by any court.

"(4) No petition may be filed with the Board with respect to any commodity within a period of three months after the issuance of an order of the Board with respect to the same commodity.

"(5) The members of the Board may serve as such without regard to the provisions of sections 109 and 113 of the Criminal Code (18 U. S. C., secs. 198 and 203) or section 19 (e) of the Contract Settlement Act of 1944, except insofar as such sections may prohibit any such member from receiving compensation in respect of any particular matter which is within the jurisdiction of the Board.

"(6) If the number of petitions filed with the Board should at any time become so great as to prevent the Board from promptly conducting hearings upon such petitions, the Board shall appoint such hearing commissioners as it deems necessary in order to expedite the transaction of its business. The Board may authorize one or more of the hearing commissioners so appointed to conduct the hearing upon any petition under this subsection and to exercise the authority of the Board with respect to such hearing. After a hearing conducted before a hearing commissioner, the commissioner shall make recommendations consistent with this subsection to the Board concerning its action with respect to the petition. If the Board approves such recommendations, it shall issue an order in conformity therewith. If the Board does not approve such recommendations, the Board may issue such order as it deems proper upon the record or may conduct a new hearing upon the petition before the Board."

Sec. 4. Section 2 (a) of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new sentence: "In administering the provisions of this subsection relating to the establishment of industry advisory committees, the Administrator, upon the request of a substantial portion of the industry in any region, shall promptly appoint a regional industry advisory committee for such region."

Sec. 5. Section 2 (b) of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new paragraphs:

"After the date upon which this paragraph takes effect, the Administrator, when establishing rent ceilings on hotels or when passing upon applications for adjustments of rent ceilings on hotels, is authorized to take into consideration the distinction between transient hotels and residential or apartment hotels, including the difference in the investment, operation, expenses, and mechanical details of operation between the transient hotels and the residential and apartment hotels, and is directed to classify separately by regulation (1) transient hotels, (2) residential and apartment hotels, and (3) tourists courts, rooming houses, and boarding houses.

"While maximum rents in effect under this Act with respect to housing accommodations in any defense-rental area, such housing accommodations shall not be subject to rent control by any State of local government."

Sec. 6. (a) The last paragraph of section 2 (e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, shall not apply with respect to operations for the fiscal year ending June 30, 1947, of the Commodity Credit Corporation and the Reconstruction Finance Corporation: *Provided*, That with respect to such corporations and such operations, the making of subsidy payments and buying for resale at a loss shall be limited as follows:

Payments and purchases may be made with respect to operations for the fiscal year ending June 30, 1947, which involve subsidies and anticipated losses as follows:

(1) With respect to rubber produced in Latin America and Africa for which commitments were made before January 1, 1946, $31,000,000.

(2) With respect to copper, lead, and zinc, in the form of premium price payments, $100,000,000: *Provided*, That (A) premiums shall be paid on ores mined or removed from mine dumps or tailing piles before July 1, 1947, though shipped and/or processed and marketed subsequently thereto; and that (B) the premium price plan for copper, lead, and zinc shall be extended until June 30, 1947, on terms not less favorable to the producer than heretofore and (i) adjustments shall be made to encourage exploration and development work, (ii) adequate allowances shall be made for depreciation and depletion, and (iii) all classes of premiums shall be noncancelable unless necessary in order to make individual adjustments of income to specific mines.

(3) With respect to purchases by the Reconstruction Finance Corporation, of such tin ores and concentrates as it deems necessary to insure continued operation of the Texas City tin smelter.

(4) With respect to noncrop programs, 1946 crop program operations and the 1947 crop program operations relating to sugar, flour, petroleum, petroleum products, and other domestic and imported materials and commodities, $869,000,000: *Provided*, That the operations authorized under this subparagraph (4) shall be progressively reduced, shall be terminated not later than April 1, 1947, and shall not cost more than $629,000,000 during the last 6 months of the calendar year 1946. Operations shall not be carried out under authority of this subparagraph (4) with respect to any commodity for any period occurring after the date of the enactment of this Act during which maximum prices on such commodity are not in effect under the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended: *Provided*, That subsidies with respect to petroleum produced from stripper wells shall be continued at not to exceed the existing rates. No subsidy or purchase and sale operation shall be undertaken under authority of this subparagraph (4) with respect to any commodity unless a subsidy or purchase and sale operation with respect to such commodity was in effect on June 29, 1946; and no such operation shall be undertaken under authority of this subparagraph (4) which will increase the rate of subsidy paid or the rate of loss incurred with respect to any commodity above that which would be paid or incurred if the operations in effect on June 29, 1946, had been continued on the same basis.

(b) When any direct or indirect subsidy to an industry is reduced or terminated, or upon recontrol is not restored or is restored only in part, any maximum price applicable to the product affected shall be correspondingly increased, except in the case of transportation subsidies, differential subsidies to high-cost producers, and premium payments under authority of the Veterans' Emergency Housing Act of 1946.

(c) Where roll-back subsidies have previously been or presently are in effect, and have been discontinued, or shall hereafter be discontinued, the industries which have received such subsidies shall be permitted to increase their ceiling prices at least an amount equivalent to the amount of the discontinued roll-back subsidy. Such price increase shall become effective either upon discontinuance of the roll-back subsidy or upon passage of this Act, whichever date is the later. For the purposes of this paragraph, the term "roll-back subsidies" means subsidy payments, or purchases and sales of a commodity at a loss by the Government of the United States (including any Government-owned or controlled corporation), or contracts therefor, which resulted directly or indirectly in the lowering of ceiling prices below the maximum price levels established by the Office of Price Administration prior to the institution of the subsidy payments or purchases and sales at a loss, or the execution of the contracts therefore, whichever date is the earlier.

(d) Nothing in this section shall be construed to affect the provisions of Public Laws 30, 88, 164, and 328 of the Seventy-ninth Congress, or to prevent the use of the sums authorized in such laws to fulfull obligations incurred prior to July 1, 1946, with respect to operations prior to such date.

(e) Notwithstanding any of the foregoing provisions of this section 6, 1946 and 1947 crop program operations with respect to sugar, may, while maximum prices are in effect with respect to sugar, be continued until such crops are processed and distributed, and the cost of 1946 crop program operations with respect to sugar may be charged to the funds authorized by Public Law 30, Seventy-ninth Congress, as amended by Public Law 328, Seventy-ninth Congress. For the purpose of this section 6, no subsidy program operation on sugar shall be considered to be a new subsidy: *Provided*, That Commodity Credit Corporation or any other Government agency shall not absorb any increase in the price paid for Cuban sugar over 3.675 cents per pound, raw basis, f. o. b. Cuba, as being paid for such sugar, in Cuba, on June 30, 1946.

(f) Nothing in this section shall be construed as a limitation upon operations authorized by the Veterans' Emergency Housing Act of 1946; and nothing in this Act or in any other Act shall prohibit the establishment of maximum sales prices or maximum rents for housing accommodations for which materials or facilities are allocated, or priorities for delivery thereof issued, under said Veterans' Emergency Housing Act of 1946.

Sec. 7. Section 2 (i) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows:

"(i) For the purposes of this Act and the Stabilization Act of 1942, as amended, fish and other sea food shall be deemed to be agricultural commodities, and commodities processed or manufactured in whole or substantial part from fish or other sea foods shall be deemed to be manufactured in whole or substantial part from agricultural commodities: *Provided*, That the provisions of section 3 of the Stabilization Act of 1942, as amended, shall not be applicable with respect to fish and other sea foods and commodities processed or manufactured in whole or substantial part therefrom, but the maximum price established for any fish or sea food commodity or for any commodity processed or manufactured in whole or substantial part therefrom shall not be below the average price therefor in the year 1942."

Sec. 8. Section 2 (j) of the Emergency Price Control Act of 1942, as amended, is amended by inserting before the period at the end thereof a semicolon and the following: "or (5) as authorizing any regulation or order of the Administrator to fix a quantity or percentage of any product which any seller may sell to any buyer."

Sec. 9. Section 2 (k) of the

(Continued on page 642)

Full Text of New OPA Bill

(Continued from page 641)

Emergency Price Control Act of 1942, as amended, is amended by inserting the words "or any operator of any service establishment" after the words "seller of goods at retail".

Sec. 10. Section 2 of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new subsections:

"(o) No maximum price shall be applicable to any item served in any restaurant or other eating establishment if such item consists in whole or major part of a commodity to which no maximum price is applicable with respect to sales to restaurants and other eating establishments, unless the maximum price of such item, when sold by such restaurant or other eating establishment, is determined, under the applicable maximum price regulation or order, by the addition of a customary margin to the acquisition cost of such item.

"(p) After July 1, 1946, no maximum price regulation or order shall be issued or continued in effect requiring any seller to limit his sales by any weighted average price limitation based on his previous sales.

"(q) In the case of any retail industry, the principal sales of which consisted during the calendar years 1939 to 1941, inclusive, of sales of a commodity or commodities the production or retail distribution of which has been reduced, for a period of three years beginning on or after March 2, 1942, by 75 per centum or more below such production or retail distribution for the calendar years 1939 to 1941, inclusive, as a result of the operation of any governmental regulation or restriction, the Administrator shall not, in establishing maximum prices under this section, reduce established peacetime retail trade discounts or mark-ups or dealer handling charges for any such commodity before the retail unit sales of such commodity for a period of six months shall have reached the average annual retail unit sales thereof for the calendar years 1939 to 1941, inclusive.

"(r) In the case of any wholesale industry, the principal sales of which consisted during the calendar years 1939 to 1941, inclusive, of sales of a commodity or commodities, the production or wholesale distribution of which has been reduced for a period of three years beginning on or after March 2, 1942, by 75 per centum or more below such production or wholesale distribution for the calendar years 1939 to 1941, inclusive, as the result of the operation of any governmental regulation or restriction, the Administrator shall not in establishing maximum prices under this section reduce established wholesale trade discounts or normal wholesale markups for any such commodity prevailing on March 2, 1942, before the wholesale unit sales of such commodity for a period of six months shall have reached the average annual wholesale unit sales thereof for the calendar years 1939 to 1941, inclusive.

"(s) No maximum price regulation or order shall require the reduction of the established peacetime discounts or mark-ups for the sale of any manufactured or processed commodity (treating as a single commodity for the purposes of this paragraph all commodities in a line of related commodities which, for the purpose of establishing manufacturers' and processors' maximum prices, have been placed by the Office of Price Administration under a single regulation) if the retail, wholesale, or other distributive trade selling such commodity shows that the commodity constituted approximately one-half or more of the gross sales income of a majority of the persons engaged in such trade in 1945 and that, in the first quarter of 1946, the deliveries of such commodity to such distributive trade were less than 100 per centum of the deliveries thereof in the corresponding quarter of 1945.

"(t) In establishing maximum prices applicable to wholesale or retail distributors, the Administration shall allow the average current cost of acquisition of any commodity, plus such average percentage discount or mark-up as was in effect on March 31, 1946.

"(u) After the date upon which this subsection takes effect, no maximum price shall be established or maintained, under this Act or under any other provision of law, with respect to any new commodity when the Administrator upon application finds that its use, in the production, manufacturing, or processing of any commodity or commodities, without increasing the cost to the ultimate user, either increases the life or reduces the cost of production, manufacture, or processing of the commodity or commodities produced, manufactured or processed. As used in this subsection the term 'new commodity' means a commodity which was not commercially or industrially available prior to January 30, 1942.

"(v) In the case of softwood logs and lumber, the maximum prices shall be established at a level which will permit producers of at least 90 per centum of the production of softwood logs and lumber to recover their current costs of production.

"(w) In establishing maximum prices for sales of finished woven or knitted fabrics made primarily of cotton fiber or for the sales of apparel made therefrom it shall be unlawful for the Administrator to establish or maintain differentials in the method of determining the basic grey-goods cost or the finished-woven-fabrics or finished-knitted-fabrics cost to which a mark-up is to be applied based on the degree of integration of the seller.

"(x) Whenever the world price of a commodity essential to the economy of the United States (average price at which such commodity could be purchased when landed duty paid at any United States port of entry) exceeds the maximum purchase price established by the Administrator, and results in—

"(1) an actual reduction of the importation of such commodity into the United States in an amount substantial in relation to the total consumption of the commodity in the United States; or

"(2) the substantial curtailment or restriction of the domestic trade in such commodity or products processed directly therefrom,

the Administrator shall, in order to maintain and increase domestic production and employment and to make possible the balancing of supply and demand, promptly remove maximum purchase prices from imports of such commodity and maximum prices from products processed directly therefrom, or increase the maximum prices of imports of such commodity and of products processed directly therefrom to the extent necessary to prevent such reduction in importation or curtailment of domestic trade."

Sec. 11. The Emergency Price Control Act of 1942, as amended, is amended by inserting after section 5 thereof the following new section:

"Sec. 6. (a) For the purposes of this section the base period shall be the calendar year 1940, or in the case of an industry customarily keeping its accounts on a fiscal year basis, the industry's fiscal year 1940.

"(b) In order that adequate general price levels shall be established for all commodities to bring about maximum production and employment, no maximum prices shall be established or maintained for any product of a producing, manufacturing, or processing industry (including any industry furnishing service or transportation the charges for which are subject to the Administrator's control) which do not return on the average to the industry not less than the average dollar price of such product during the base period, plus the average increase in cost of producing, manufacturing, or processing the same accruing since the base period, but the maximum prices for a product shall be deemed in compliance with this standard if such prices on the average are equal to the average current total cost of the product plus the industry average over-all profit margin on sales in the base period.

"(c) For the purpose of determining costs under this section, currently or for the base period, the Administrator shall ascertain the costs of a reasonable number of typical producers, manufacturers, or processors and shall follow accepted methods of accounting and such fair and reasonable methods of calculation as he shall establish by regulation, including adjustments for temporary cost abnormalties which may be reasonably anticipated to be eliminated within the three months following the Administrator's determination, and adjustments for increases in the volume of production which may be reasonably anticipated to be experienced within such three-month period.

"(d) Maximum prices established hereunder shall not be held invalid on account of their failure to return his costs to any particular member of any group involved.

"(e) Nothing herein shall nullify the power of the Administrator to make reasonable adjustments and exceptions in individual cases under the provisions of section 2 (c) of this Act.

"(f) If the maximum prices of a product on the average equal its average current total cost plus a reasonable profit, nothing herein shall require any further adjustment of such maximum prices for any period with respect to which it appears that a substantial expansion in the production or use of the product would not be practicable or would be practicable only by reducing the production of at least equally needed products.

"(g) As used in this section, 'product' shall mean any major item, or any article different in character from other products of the industry; but all the styles, models, or other varieties of any such item or article shall be considered as one product.

"(h) The provisions of this section shall not apply with respect to any maximum price applicable to manufacturers or processors in the case of products made in whole or major part from cotton or cotton yarn or wool or wool yarn.

"(i) Nothing in this section shall be construed to require any adjustment in maximum prices except pursuant to an application filed under this paragraph, or be construed to invalidate any maximum price unless there is a failure to make adjustments, in accordance with the procedure prescribed in this paragraph, to such extent as may be required to comply with the standards set forth in this section. Any industry advisory committee may apply to the Administrator for the adjustment of the maximum prices applicable to any product in accordance with the standards set forth in this section, and shall present with the application comprehensive evidence with respect to costs and prices. The Administrator shall consider the evidence so presented and all evidence otherwise available to him and within sixty days after the receipt of such application, he shall make the adjustments in maximum prices required by this section, or, if he finds that no such adjustments are required, he shall deny the application. If the Administrator neither makes the adjustments in the maximum prices for any product required by this section, nor denies the application for such adjustments, within the sixty-day period prescribed in this paragraph, the industry advisory committee concerned may petition the Emergency Court of Appeals, created pursuant to section 204, for relief; and such court shall have jurisdiction by appropriate order to require the Administrator to make such adjustments or deny such application within such time, not to exceed thirty days, as may be fixed by the court. If the Administrator fails to make such adjustments or deny such application within the time so fixed, no maximum price shall thereafter be applicable with respect to any sale of such product by any seller."

Sec. 12. (a) The second sentence of section 205 (e) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows: "In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) Such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine or (2) an amount not less than $25 nor more than $50, as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation, order, or price schedule in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation."

(b) Section 205 (e) of the Emergency Price Control Act of 1942, as amended, is amended by adding at the end thereof the following new paragraphs:

"The Administrator may not institute any action under this subsection on behalf of the United States, or, if such action has been instituted, the Administrator shall withdraw the same—

"(1) if the violation arose because the person selling the commodity acted upon and in accordance with the written advice and instructions of the Administrator or any regional administrator or district director of the Office of Price Administration; or

"(2) if the violation arose out of the sale of a commodity to any agency of the Government, or to any public housing authority whose operations are supervised or financed in whole or in part by any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

"The Administrator shall not institute or maintain any enforcement action under this subsection against any manufacturer of apparel items where the Administrator shall determine (1) that the transactions on which such proceeding is based consisted of the manufacturer's selling such an item at his published March 1942 price list prices instead of his March 1942 delivered prices, and (2) that the seller's customary pricing patterns for related apparel items would be distorted by a requirement that his ceilings be the March 1942 delivered prices. The Administrator's determinations under this paragraph shall be subject to review by the Emergency Court of Appeals in accordance with sections 203 and 204."

Sec. 13. The third sentence of paragraph (2) of section 205 (f) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows: "If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation has occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2, or a price schedule effective in accordance with the provisions of section 206, is applicable; but no suspension shall be for a period of more than twelve months, and if the defendant proves that the violation in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation, then in that event no suspension shall be ordered or directed."

Sec. 14. Section 3 of the Stabilization Act of 1942, as amended, is amended by adding at the end thereof the following new paragraph:

"On and after the date of the enactment of this paragraph, it shall be unlawful to establish, or maintain, any maximum price applicable to manufacturers or processors, for any major item in the case of products made in whole or major part from cotton or cotton yarn or wool or wool yarn, unless the maximum price for such major item is fixed and maintained at not less than the sum of the following:

"(1) The cotton or wool cost (which must be computed at not less than the parity price or the current cost, whichever is greater, of the grade and staple of cotton or wool used in such item, delivered at the mill);

"(2) A weighted average of mill conversion costs; and

"(3) A reasonable profit (which shall not be less than a weighted average profit for each unit of such item equal to the weighted average of the profit earned on an equivalent unit of such item during the period 1939 to 1941, both inclusive)."

Sec. 15. The Secretary of Agriculture, through the Commodity Credit Corporation or otherwise, is hereby authorized to allocate feed which he controls to feeders of livestock and poultry in domestic areas which he may determine to be in an emergency shortage condition with respect to animal and poultry feed.

Sec. 16. (a) In the event producers of wheat are required by an order issued pursuant to the Second War Powers Act, 1942, as amended, to sell all or any part of wheat delivered to an elevator prior to April 1, 1947, the Commodity Credit Corporation shall offer to purchase the wheat so required to be sold at a price determined as follows: The purchase price paid for the wheat shall be the market price at the point of delivery as of any date the producer may elect between the date of delivery and March 31, 1947, inclusive: *Provided, however,* That only one election may be made for each lot of wheat: *And provided further,* That the producer may not elect a date prior to the date on which he mails a written notice to Commodity Credit Corporation of his election. In the event the producer does not notify Commodity Credit Corporation in writing by March 31, 1947, of his election of a date for determining the market price, such date shall be deemed to be March 31, 1947.

(b) Any producer of wheat who, prior to the date of enactment of this Act, has sold any wheat pursuant to the requirements of paragraph (ee) (1) of War Food Order Numbered 144, may, at any time within thirty days after the date of enactment of this Act, pay to the Commodity Credit Corporation a sum equal to the amount for which he sold such wheat. Any producer paying any such sum to the Commodity Credit Corporation shall be deemed to have sold and delivered to the Commodity Credit Corporation as of the date he pays such sum a quantity of wheat equal in grade and quality to the quantity sold by him pursuant to such requirements and the purchase price to be paid to him for such wheat shall be determined in the same manner as in the case of a sale of wheat to the Commodity Credit Corporation pursuant to the provisions of subsection (a) of this section.

Sec. 17. This Act may be cited as the "Price Control Extension Act of 1946."

Sec. 18. (1) The provisions of this Act shall take effect as of June 30, 1946, and (2) all regulations, orders, price schedules, and requirements under the Emergency Price Control Act of 1942, as amended (except regulations or requirements under section 2 (e) thereof relating to meat, flour, or coffee), and the Stabilization Act of 1942, as amended, which were in effect on June 30, 1946, shall be in effect in the same manner and to the same extent as if this Act had been enacted on June 30, 1946, and (3) any proceeding, petition, application, or protest which was pending under the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, on June 30, 1946, shall be proceeded with and shall be effective in the same manner and to the same extent as if this Act had been enacted on June 30, 1946: *Provided*, That in any case in which the Emergency Price Control Act of 1942, as amended (except sections 204 and 205), or the Stabilization Act of 1942, as amended (except sections 8 and 9), or any regulation, order, or requirement under either of such Acts, prescribes any period of time within which any act is required or permitted to be done, and such period had commenced but had not expired on June 30, 1946, such period is hereby extended for a number of days equal to the number of days from July 1, 1946, to the date of enactment of this Act, both inclusive: *Provided* further, That no act or transaction, or omission or failure to act, occurring subsequent to June 30, 1946, and prior to the date of enactment of this Act shall be deemed to be a violation of the Emergency Price Control Act of 1942, as amended, or the Stabilization Act of 1942, as amended, or of any regulation, order, price schedule, or requirement under either of such Acts: *Provided further*, That insofar as the provisions of this Act require the Administrator to make any change in any maximum price, such provisions shall not be deemed to require such change to be made before the thirtieth day following the date of enactment of this Act.

Approved July 25, 1946.

Administrative Procedure

(Continued from page 607)

Under the terms of this legislation every administrative agency is obligated to separately state and currently publish in the Federal Register—

"(1) descriptions of its central and field organization including delegations by the agency of final authority and the established places at which, and methods whereby, the public may secure information or make submittals or requests; (2) statements of the general course and method by which its functions are channeled and determined, including the nature and requirements of all formal or informal procedures available as well as forms and instructions as to the scope and contents of all papers, reports, or examinations; and (3) substantive rules adopted as authorized by law and statements of general policy or interpretations formulated and adopted by the agency for the guidance of the public, but not rules addressed to and served upon named persons in accordance with law."

The penalty for failure to make such publication is that no person can be required in any manner to resort to organization or procedure which has not been so published.

Rule making, a most important function, is also subject to the requirement that the same shall be published in the Federal Register, that is, that notice of the making of rules in contemplation, shall be so given, unless all persons affected thereby are named and either personally served or otherwise have actual notice thereof in accordance with law.

In addition the agency must afford interested persons an opportunity to participate in rule making through the submission of written data, views or arguments, and must further incorporate in any rules adopted a concise general statement of their basis and purpose.

Notice of an agency hearing must be timely.

The significance of this will strike home to those who remember the short and inadequate notice given by the Securities and Exchange Commission of the hearing held before it involving the then proposed rule by the NASD to register salesmen, traders, etc.

Adequate opposition may be totally defeated by untimely notice.

A most significant part of the bill is the one entitled "Separation of Functions."

"(c) *Separation of Functions.*—The same officers who preside at the reception of evidence pursuant to section 7 shall make the recommended decision or initial decision required by section 8 except where such officers become unavailable to the agency. Save to the extent required for the disposition of ex parte matters as authorized by law, no such officer shall consult any person or party on any fact in issue unless upon notice and opportunity for all parties to participate; nor shall such officer be responsible to or subject to the supervision or direction of any officer, employee, or agent engaged in the performance of investigative or prosecuting functions for any agency. No officer, employee, or agent engaged in the performance of investigative or prosecuting functions for any agency in any case shall, in that or a factually related case, participate or advise in the decision, recommended decision, or agency review pursuant to section 8 except as witness or counsel in public proceedings."

Thus it will be seen that the evil of interlocking functions which we have so persistently decried is in a measure removed.

We say "in a measure" because although, "supervision or direction" is apparently now removed by statute, the same agency may still exercise all these powers. Demonstrating a violation of the statute caused by inside workings, would be no simple matter.

In our opinion it would have been much better, and more consonant with our system of jurisprudence, if the separate function were exercised by independent agencies in no way responsible one to the other.

Under the subpoena provisions, the issuance of such process is made obligatory where a statement is furnished showing the general relevance of the testimony and the reasonable scope of the evidence sought.

Sanctions, rules and orders must be supported by "reliable, probative and substantial evidence."

All decisions must include findings and conclusions, giving the reason and basis therefor, upon all the material issues of fact, law or discretion presented on the record.

Reviewable acts are defined, the right of judicial review considerably enlarged, and provision made for the granting of iterim relief.

This legislation further provides for the appointment of examiners who are removable only "for good cause" established and determined by the Civil Service Commission, after an opportunity for a hearing and upon the record of such hearing.

Among others, the bill was sponsored and approved by the American Bar Association.

Those who are engaged in the securities industry will naturally be concerned with the effect of this new law upon the activities of the Securities and Exchange Commission, and also of the National Association of Securities Dealers.

That the SEC will now have to comply with the requirements of the bill, there can be no doubt. The provisions relating to publication in the Federal Register, the giving of timely notice, the method of conducting hearings, the granting of subpoenas, the separation of formerly interlocking powers, are all mandatory.

The effect of the law on the NASD is another proposition because it has been urged that this body is a voluntary one.

We have urged from time to time that the voluntary nature of the NASD is a complete fiction.

A national securities organization of the nature of the NASD is made possible by the Maloney Amendment to the Securities Act of 1934.

The NASD is a Maloney organization.

Certain monopolistic financial advantages which under the terms of the Maloney Act can be received only by members of a National Securities Organization, makes joining the NASD mandatory for many. To them it means either joining up or being deprived of a livelihood.

Since the new law makes specific provision for the conduct of hearings, the manner in which this shall be done, what properly constitutes part of the record on review, and since review from NASD determinations, in the first instance, is to the SEC, we believe, that insofar as any of the rules of the NASD are not in conformity with the practice required by the "Administrative Procedure Act," such rules will have to be modified and that the NASD must trim its sails to navigate along the lies charted by this law.

All in all, although this bill does not go "whole hog," we, and those who have been in sympathy with our campaign, ought to be comforted by this partial innovation.

We hope it is the forerunner of even more liberal legislation which will stop the regimentation of those engaged in the securities industry.

It demostrates the need for a continuing militancy on the part of all of us, in an effort to keep our markets liquid and to remove bureaucratic restraints.

The Outlook for Railroad Equities

(Continued from page 614)

was a contribution of some $46,000,000 to net quick assets

We estimate that the net income of all roads for 1946 will be in the neighborhood of $385,000,000, and this figure, while higher than that of any calendar year from 1930 to 1940, must be considered small in relation to prevailing market prices for railroad equities. However, calendar year earnings are less significant marketwise than the prospective annual rate at any particular time.

With present indications pointing to an annual rate of earnings of around $650,000,000 for Class 1 roads beginning in the latter part of this year and continuing in 1947, current market quotations of carefully selected stocks in our opinion are very reasonable.

The Interim Freight Rate Decision

The interim freight rate decision carries substantial benefits for eastern roads in view of the supplementary rate increases authorized on all traffic (except iron-ore, coal and coke) moving within Official Classification territory (which includes the territory east of a line from Chicago through Peoria to St. Louis and the Mississippi and north of the Ohio and Potomac Rivers). A number of these roads have some mileage outside of Official Classification territory, but such mileage is not important. However, in view of the huge net losses incurred during the first six months, most of the big eastern trunk lines will undoubtedly have poor net results for the year 1946.

Roads in the south and west will benefit less from the decision. An important reason is that rates on agricultural products are raised only 3%. The average western road normally derives about ¼ of its revenue from traffic in these products, while in the south it runs around 15% and in the east some 10%.

Land-Grant Rates

The western roads, however, will be the chief beneficiaries of abolition of land-grant-rate deductions. The railroads had estimated that this would add $20,000,000 to $34,000,000 to revenues, but the Interstate Commerce Commission expressed confidence that the savings will considerably exceed anything estimated by the roads.

It is evident that some western and many southern roads are among the most favorably situated of all Class 1 roads. Whatever region a road is in, however, each road must be considered individually.

Further Rate Increases Expected

It is our belief that an additional freight rate increase of 5% will be granted effective around Oct. 1. This would make the overall increase approximately 14%, and, despite opinion to the contrary, we feel that such an increase would offset all increased costs. The Interstate Commerce Commission for many years has shown itself to be both alert and sympathetic to the problems of the railroads, and we are confident that it will prove to be so again this time.

Conclusion

Barring further labor troubles and tie-ups in other industries, we feel that the aggregate railroad net income for 1946 will be around $385,000,000, or about 15% less than in 1945. However, we believe that in the final quarter of the year earnings will be running at an annual rate of $650,000,000, or at the same level as the highly prosperous year of 1944, and that this will continue in 1947. Granting that selection is always necessary, from our studies of them railroad equities generally may be said to be under-priced.

Government Loans to Business

(Continued from page 611)
affect our lives and our businesses.

Through the years, as our industrial economy has become more highly developed, and particularly with the advent of mass production, people have become more and more specialized and, individually, less and less self-sufficient. Every one of us is more dependent upon the other fellow. On a broader scale, there has developed a close interdependence of the component parts of our economic set-up, so that difficulties which arise in any important segment of the economy are quickly communicated throughout the whole system. In this way the synchronized conduct of business tends to become affected with a public interest.

The field of banking and investment is one in which there is a large measure of such public interest. This is particularly so as individual borrowing and lending have been replaced by a highly organized banking system equipped to handle financing for mass production.

Origin of RFC

How far-reaching this interest is can be realized if we look back a few years. In the early '30s, as the depression approached its worst, it became clear that the banking system so affected every aspect of our economic life as to make its condition of the greatest public concern. Even those who, as a matter of principle, felt most strongly against Government intervention in business activities, were convinced that the time had come when little improvement in the situation could be expected without some help; and the Government appeared to be the only source of assistance. This was the situation in 1932 when, after a brief period in which the National Credit Corporation endeavored to stem the tide, a law was passed establishing the Reconstruction Finance Corporation.

This new Corporation, which was modeled after the War Finance Corporation, created following World War I, was authorized to make loans to banks and other financial institutions. These loans were required to be fully and adequately secured, which meant in many cases that the banks most in need of help could not get it.

When the bank holiday was over, the RFC's authority was increased to permit it to subscribe for the preferred stock of banks, or to purchase their capital notes and debentures to provide needed capital at a time when it could not be obtained elsewhere. This marked the end of the first phase of the RFC's activity, and the Government's entrance into the private financial field.

In passing, it may be interesting to note that, altogether, the RFC invested in excess of a billion dollars in the preferred stocks and capital notes of over 6,000 banks. More than 82% of this amount has been paid back. The losses suffered so far by the RFC under this program have totaled about $3,200,000. This loss is less than 1/3 of 1% of the amount invested, and is about 1/70 of the income which RFC has received from interest and dividends on the money advanced for this purpose.

After the immediate financial crisis created by the bank closings, the problem of next importance became that of alleviating the acute situation with respect to unemployment. It was thought that the normal recovery of business was being delayed in part on account of the inability of the banks, due to the ordeal they had just been through, to provide sufficient credit for local business enterprises.

Using the existing authority of the RFC, it was announced early in 1933 that indirect aid would be furnished to business through short-term RFC loans to banks. Because of the provisions of the RFC Act requiring all such loans to be fully and adequately secured, and for other reasons, the program of indirect aid to business was not very successful in accomplishing the objective sought.

In view of the apparent need to go further in providing financial aid to business, Congress, in 1934, amended the RFC Act so as to authorize direct loans to industrial or commercial business concerns. A notable provision was also included to the effect that loans could be made only when credit was not otherwise available at banks. This amendment relaxed somewhat the former collateral requirements by stating that the security for such direct loans need only be adequate.

Even with this new provision, a very small amount of money was loaned by the RFC under this program. In his annual report for 1934, the Chairman of the RFC told Congress that loans had been difficult to make largely for the reason that those industries most in need of funds could not easily comply with the law under which they could be made.

To meet this condition, the RFC Act was further amended in 1935 so as to relax to an even greater extent the quality standards under which it could make loans. The change made in the RFC Act at this time extended the maturity of loans which could be authorized; removed the limit on the amount which could be loaned to any one borrower; and, most important of all, provided that loans could be made if only they were "so secured as reasonably to assure repayment."

As a result of the general recovery in business, and of the improved liquidity of the banks in 1936 and 1937, they were able to take care of a larger proportion of existing credit demands. The credit emergency was over for all intents and purposes. In view of this situation, and recognizing the emergency nature of the RFC's activities, the President significantly directed the RFC to discontinue taking applications for loans late in 1937.

A few months later, however, when the unexpected business slump of 1938 began to reach serious proportions, the RFC again undertook to extend credit under the terms of its Act.

In the years between 1938 and the outbreak of the war, further changes were made in the RFC's lending authority. Whereas, formerly, loans could be made only for the purpose of maintaining or increasing employment, the Act was amended in 1938 so that loans could be made to business enterprises if they promoted the "economic stability" of the country. The condition that such loans could be made only if credit was not otherwise available was retained in the Act.

Summary of RFC Developments

Four important things are disclosed by this brief review of RFC's prewar activities, and of the history of the Act authorizing them. These are:

1. A desire to aid economic recovery by making sure that it would not be held up for lack of available credit.

2. A desire that loans be made in such a way as to minimize losses of the public monies lent.

3. An express policy against having the RFC in competition with banks or other financial institutions.

4. A tendency to relate activities of the RFC to the financial business, and economic condition of the country.

If we analyze the origin of these objectives, it becomes clear that each of them arose as a matter of the public interest, mentioned earlier. First as a matter of National interest, the country could not afford to have the spiral of deflation of the early '30s end in a complete liquidation of the banks and of the country's savings.

Further, it was certainly in the public interest to require RFC to hold to a minimum losses of the public monies at its disposal. And, while I can obviously take no credit for the splendid record of the RFC, it is a tribute to my predecessors that it has a surplus from non-war lending activities amounting to nearly $500 million.

Again, in specifically prohibiting the RFC from competing with banks, it was recognized that the banking system of the country should be preserved on the basis of private ownership. And, finally, there were important public considerations in the keying of the Corporation's activities to the degree of stress to which the economic system was subject from time to time.

What each of us believes about the foregoing summary, and about the conclusions which can be drawn from it, depends entirely on his individual viewpoint. On each economic and social issue in which the Government is involved, there are those who contend that all Government activity, particularly if it involves intervention in business, is wrong. There are others who maintain, with equal assurance, that we cannot make the necessary social, technological, nor economic gains except with the active participation of the Government. Which of these beliefs is the more correct, I am not one to say.

In a Period of Change

In any event, in trying to analyze this problem a little further, I think a few points are very clear. One of these is that we are in a period of tremendous change. Some of the changes, which looked revolutionary less than a century ago, seem entirely logical and reasonable today. For example, even the strongest believers in the laissez-faire theory of banking certainly are in favor of the laws requiring banks to make periodic public statements of their condition. And while there is a great deal of discussion of the amount of FDIC assessment, there is no longer much objection to the principle of Federal deposit insurance. Most of us now feel, that in requiring full disclosure of information on investments, the SEC Act has been of benefit to the country.

On the other side of the picture many believe that too much regulation and intervention, coming too rapidly, impairs the operation of the free-enterprise system, and tends to eliminate the rewards for success which must be maintained and fostered for the preservation of that system.

Frequently we confuse the question of whether we are against Government regulation and intervention as such, with the question of how far it should go.

RFC Not to Compete with Banks

Assuming that we will agree, based on what has been said, that there have been circumstances which justified Government intervention in the private financial field, we now turn to the second part of the question mentioned earlier—namely, "What are the conditions under which the government should continue its operations in this field?"

The RFC Act itself provides an answer to this question. It says that the RFC should never make a loan if it can be obtained from private sources on reasonable terms. This assumes a public interest in seeing that credit is made available beyond what private sources can provide. In other words, it says that there are loans that should be made which the banks will not, cannot, or should not make.

At the same time, the RFC is required by law to find "reasonable assurance" for the repayment of the funds it lends.

Taking these two conditions together, we find that the law defines the area in which the RFC is to operate. This area covers those loans which, for one reason or another, cannot be obtained from banks but which still offer reasonable assurance of repayment.

This area expands and contracts as the result of several factors. One of these is that the ability of a borrower to obtain credit depends not only on his own condition, but also upon the present and prospective condition of the bank. As changes occur, or are anticipated in the banking credit, or business situation, corresponding changes take place in the proportion of deserving borrowers which the banks are able to accommodate. This, in turn, causes an automatic expansion or contraction in the RFC's lending activities.

The illiquidity of the banks in the early and middle '30s prevented them from making many sound loans which, in the National interest, should have been made. It also forced the liquidation of loans which should have been extended. In such circumstances the gap which RFC was intended to fill was relatively large. Today, in contrast, the proportion of deserving borrowers who cannot obtain credit is comparatively small, and the gap which RFC is required to fill is correspondingly much narrower than in the '30s.

Banks Doing a Good Job

Banks today, in my opinion, are doing a remarkable job. They have pledged "that bank credit shall be made available to every competent man, firm or corporation that needs it for a constructive purpose." This pledge of yours, through the American Bankers Association, indicates your sincere desire to do whatever you can to make sure that our economic structure is maintained and developed to the full. To the extent that this is accomplished, the obligation of the RRF to provide credit is reduced.

However, even today there are some fields in which we are finding a shortage of credit. There has been an expressed National interest in stimulating the development of small business enterprises. Many have said that this would provide the greatest assurance of the perpetuation of the free-enterprise system.

Due to the nature of banks—particularly their foremost obligations to their depositors—there are many new small business enterprises which banks cannot and, perhaps, should not accommodate. In fact, I believe it is questionable whether a small business should begin its career with any substantial indebtedness.

It would be preferable for many such businesses to finance themselves entirely with equity money, so that in their early and uncertain years they would not be faced with an obligation to repay on a fixed basis any substantial proportion of their initial capital. Generally, I believe, equity financing would be more desirable for small business.

However, in the absence of an adequate flow of equity capital into small business concerns, and in view of the mandate of Congress to encourage their development, it would seem that the small business field is one in which the RFC should continue to provide financing on a fairly broad scale. The declared policy of the Government is that the development of small business should not be held back for lack of financing, provided that the benefits derived will bear some close relationship to the ultimate probable costs thereof. I think they will.

There are other classes of borrowers that need special attention, even at a time when credit is so widely available. Certainly everything possible should be done to see that the Veterans can take up their interrupted lives; and to see that they get every possible help in starting up in business if they want to. Some of these, for various reasons, the banks may not be able to accommodate, and where such is the case, the RFC has an obligation to fulfill on behalf of all of the people. The RFC is, and I know you are doing the utmost for them, not only in making loans where needed, but in helping them, not only in making loans where needed, but in helping them avoid the common mistakes of business.

Aiding Housing

A third type of loan relates to the housing program, the success or failure of which may have a great bearing on our future, particularly as it relates to the stability of our population. The family, and the house it lives in, is the most basic unit of society. Housing should not be held up for lack of available credit, and I do not think it will be. In any event, the RFC stands ready to do its part when called upon.

While these three broad groups do not represent the only fields in which we are now engaged, they are receiving our foremost attention at present. We are also giving careful consideration to the terms and conditions under which such credit should be extended, and to the economic effects of our programs.

The foregoing discussion all hinges on the question of how far the Government should go in meeting the credit demands of business enterprises which cannot be cared for by private sources. From the standpoint of the RFC, the answer to this question is contained in the law under which we operate and which it is our duty to administer. Our job is not easy, for we do not make loans as safe as those you make; and yet, as a lender of public funds, we are properly charged with the responsibility for reasonable assurance as to repayment.

I may say in passing, that in my first few months with the RFC, I am tremendously impressed wtih the fine attitude of the Board and of the staff toward the work of the Corporation. They are loyal, capable and fully conscious of their responsibilities. It is easy to see why the record of the Corporation has been such an outstanding one.

The banks, too, have a tremendously difficult job, as all of you know full well. While you are encouraged, as a matter of community or National interest, to make all possible loans, you are often criticised for honest mistakes of judgment when things go wrong. The banker's dilemma is that the deposits he agrees to pay back on demand he must put out for a definite term. Of necessity he is in a difficult position and exceptionally good judgment is required of him.

Unlike life insurance companies, banks cannot predict with any accuracy when their customers will call for their money. The banker never knows when he may be called upon for a large portion of his deposits, for unfortunately there is no actuarial basis for forecasting a business depression. All of these responsibilities, in addition to the duty he has to his stockholders, the banker must consider.

In closing, I may add that the War period put the banks to a real test from which they emerged with flying colors. No war activity was delayed for lack of credit. The banks did a remarkable job. As the reconversion period nears its end, they can chalk up another victory. To the extent that they can continue this fine performance, we, in the RFC, will find our job less difficult.

Italy's Economic Outlook

(Continued from first page)

But a settlement of the Italian monetary problems cannot be expected until the Italian Government undertakes the reconstruction of the State finances. The position of such finances can easily be seen when it is considered that, according to the estimated budget for the period July 1, 1946-June 30, 1947, the receipts have been forecast as Lire 142,101,000,000, while the expenses have been forecast as Lire 350,875,600,000, with a deficit of Lire 198,773,800,000. This estimate does not include an allowance of Lire 8,000,000,000 for the payment of war damages against about Lire 3,000,000,000,000 representing all the damages caused in Italy by the War, among which there are 400,000,000,000 to the Italian railway system, 200,000,000,000 to the Italian mercantile marine, and 200,000,000,000 to the Italian shipbuilding industry, etc.

The Government and State Finances

The position of the Italian Government in regard to the reconstruction of the State Finances is complicated by the fact that the government is compelled to finance certain industries in order to enable them to maintain in service all the workers employed on April 25, 1945, and thus prevent an increase of the unemployed and the consequent troubles in the country. Fiat in Turin alone received Lire 1,000,000,000 monthly from the government for such purpose, not to speak of the other concerns, as the Breda, the Isotta Fraschini, the Alfa Romeo, etc. Now there is the danger that such burden upon the State Budget is to increase, as the workers are asking an increase of wages. However, an encouraging factor of the situation is represented by the fact that while the Communists are supporting the demands of the workers, other parties, including the Christian Democrats and the Socialists, insist upon the view that such increases are not justified as the level of the cost of living has not changed since several months and, therefore, an increase of wages would lead only to an increase of the cost of living and consequently prevent an improvement of the economic situation of the country.

However, it is evident that in regard to the reconstruction of the State Finances and to the consequent settlement of the Italian monetary problems, it will not make much difference whether the State pays to the Fiat Lire 1,000,000,000 or Lire 1,200,000,000 monthly. What is necessary is to avoid the existence of that brand of burden in the State budget and to have the industries returning to a sound competitive basis.

Fascist Inflation of Production

In order to consider this problem it should be recalled that industrial companies like the Fiat, the Breda, the Caproni, etc., now receiving help from the government, have undergone during the 1922-1940 period an artificial process of inflating production through the realization of unhealthy programs of the Fascisti dictatorship. For example, Mussolini wanted from the Fiat the speediest Diesel-engined train of the world. . . . without taking into consideration that the Italian railway system could not stand speeds exceeding a certain level. As a matter of fact, the mechanical industries, which in 1921 aggregated 541 stock companies with a capital of Lire 2,416,010,116, by 1938 increased to 1,738 stock companies with a capital of Lire 3,590,000,000. The number of workmen employed in such industries increased from 400,000 in 1921 to 600,000 in 1938 and to something like 800,000 in 1943. Now the Fascist dictatorship has happily ceased and, consequently, there are no longer the factors which fed these industries independent of the effective requirements of the home market and from the reasonable prospects of Italian exports. Thus, during the first quarters of 1946 the Italian automobile industries have produced 8,500 vehicles against an average of 20,000 per quarter during the 1939-1940 period. Evidently it is impossible for these industries to continue to employ 100% of their workers while their output is averaging only 40% of the prewar period, and there is no doubt that they have no alternative but to return to production on a competitive basis, following especially the technical improvements realized during the War.

Italian industrialists are beginning to realize this necessity. Significant confirmation of this tendency is represented by the announcement that the Italian iron and steel industries, independently of the repercussions which the Peace Treaty might have on their structure, have decided to reduce the output of Martin Siemens steel. Such steel production requires the import of coal, the cost of which in Italy is 50% more than in the United States of America.

Imports Needed

Evidently, however, the carrying out of these projects requires the import of raw materials and manufactured goods to undertake the construction of new plants, to which materials and goods I have referred in the beginning of the article. But if Italians are not developing their exports, how can they expect to undertake these purchases for which gold currencies are required? Here arises the question of the necessity of foreign help, as only with such help can Italy recover. But it is evident that aid must be directed to assist private initiative, rather than the government as has been the case until now. As a matter of fact, the UNRRA is extending considerable help to Italy, but what proportion of such help goes directly to private trade and industry? A typical example is offered by the oil and petroleum products which the UNRRA supplies to Italy, of which only 30% goes to private trade and industry and 70% to government departments. The result is that if private truck operators in Italy desire to have their trucks going they are forced to search for fuel on the black market, with dangerous repercussions on the whole economic machinery. The projected Italian purchase of Liberty ships in the United States should be financed by a loan of the Export and Import Bank. It is evident, however, that if such vessels should be employed by orders of the Italian Government to transport goods destined to the feeding of the country at rates covering just the cost of operation, Italian shipowners will not be allowed to exploit their spirit of initiative to take advantage of favorable fluctuations of the freight markets. Hence it is rather doubtful whether any advantage will come to the Italian economy from these additions to the mercantile marine of this country, which has always been an important factor in the balance of foreign payments.

Under these circumstances it is evident that only through direct cooperation between the Italian and the foreign business world is it possible to propose for Italy sufficient help to enable her to undertake the reconstruction of her agricultural and industrial production. This is confirmed by the fact that, in the course of an interview granted to the press the leaders of the UNRRA in Italy have announced that, instead of helping the country, they are hereafter to aid Italians to rebuild their own economy and enable them to help the country with their own means.

Steps Toward Reconstruction

As a matter of fact, the will for reconstruction can be seen from the fact that there has been created also a financial organization known as Unione Bancaria Nazionale to finance the rebuilding of agriculture and industry; and that the Banco de Napoli, which controls 50% of Italian savings, has been authorized to finance industrial enterprises. The capital of the Unione Bancaria Nazionale has been subscribed by the Banca Commerciale Italiana, the Credito Italiano, the Banco di Roma and the Banca Nazionale del Lavoro as well as by leading insurance companies.

The chances for cooperation between the Italian and foreign economies outside of the Government's interference clearly appears when it is realized that the war has not greatly affected the productive capacity of the country. Today the Italian cotton industry is working at full capacity, thanks to orders secured from Great Britain, Norway, Sweden, Switzerland, Belgium, France and Egypt. In Northern Italy the output of electricity is exactly 100% of what it used to be in 1940. If, in other economic activities, Italy has lost something of its productive organization, she still has her shipbuilding and shipping organization intact, and it is exactly such organization that Italians would like to place at the disposal of those desiring to develop mercantile and maritime expansion in the Mediterranean. The proceeds of such services which Italy could render to foreign countries could also be used to pay for the Italian purchases abroad. The Italian offers in this connection particularly refer to the organization of the leading Italian ports, such as Genoa, Leghorn, Naples, Palermo, Bari and Venice. These ports can serve as a basis for the expansion of American trade with the Levant, the Balkan countries and Central Europe; and of the revival of Italian steamship companies as the Lloyd Triestino and the Adriatica lines. They have only three or four vessels left, but, especially in the Levant, they have a name and experience that can be of use to American shipowners desiring to develop their activity in this part of the world.

A Return to Free Markets Desired

The development of foreign trade without government interference in Italy would be of great advantage also because of the scarcity of certain vital foodstuffs. The appearance of well-being in this country from shops full of some items like linen, and clothing, shoes, and some foods is misleading. While there is an abundance of bacon, butter, cheese, etc., on certain days, for example, the town of Milan runs the risk of remaining without bread as there is a shortage of flour. The importance of the return to free trade in this connection, is clearly illustrated by the fact that since the restrictions on coffee imports into Italy were lifted the wholesale price of coffee has dropped from Lire 1,000 per kg. to Lire 500 per kg., and the retail price from Lire 3,000 to Lire 1,500 per kg.

Mead Sees Danger In Business Concentration

(Continued from page 617)

present unsatisfactory and very limited authority of the Federal Reserve banks to make industrial loans. And the Small Business Finance Corporation, as an integral part of the Federal Reserve System, could then extend financial assistance to a commercial, industrial, or mining business by making loans, by acquiring obligations or preferred stock, or by purchasing obligations or preferred stock from a financing institution on the security of such obligations or preferred stock, and guarantee these institutions against loss.

"The maturity of such loans or obligations would be from one to 10 years which would fill the need for long term funds. To assure that this aid would go to our smaller corporations, the bill states that the amount of funds or guarantees outstanding for any one business at any one time shall not exceed $250,000, and in no case shall more than 50% of the Corporation's funds outstanding at one time be invested in amounts per concern of from $50,000 to $250,000.

"The total amount outstanding at one time is not to exceed $1,000,000,000. Previously, it was proposed that the amount outstanding to one company at one time should not exceed $1,000,000, and that the total amount outstanding at one time should not exceed $500,000,000. These changes indicate our desire and intention to aid a large number of small and medium size enterprises.

"The Board of Governors of the Federal Reserve System shall not constitute the board of directors of the Corporation. This bill provides that a board of five members be designated by the Board of Governors of the Federal Reserve System and elect their own chairman from among the members.

"Employees of the Federal Reserve System and the Federal Reserve Banks will be utilized by the corporation which in general would decentralize its activities with Federal Reserve Banks acting as its agents. An annual report to be included in the report of the Board of Governors of the Federal Reserve System is required.

"This bill has been endorsed by members of the Board of Governors of the Federal Reserve System, by experts in the field of finance, and by all who are anxious to establish a permanent financial foundation under the small business structure of the country, and immediately to expedite the reconversion of small businesses and the establishment of new ones."

Concluding his remarks, Senator Mead added:

"I am completely aware that the first and immediate reaction to discussion of the bill at this time may be: 'Small business has no need for loans now; such loans would only add to the inflationary spiral.' But in the making of such an assertion, the basic principle of this bill would be overlooked. The purpose of this bill is not curative of a temporary situation but preventive of the long-time, malignant ill which has always beset small business—namely, inability to secure long-term capital at a reasonable rate of interest.

"As an example of what can and was done for some business in New York State, I ask you to please take a look at the certified figures of the operation of SWPC in New York State. As a member of the Senate Small Business Committee, which sponsored the Act creating that corporation, I now want to bring national benefit to small business through the operation of the Small Business Finance Corporation Act."

LOANS AUTHORIZED IN THE STATE OF NEW YORK
SMALLER WAR PLANTS CORPORATION
Cumulative—June 11, 1942, through Jan. 28, 1946

	Inquiries	No.	Amount	—Estimated Loss— No.	Amount
Total authorized	1,765	810	$85,339,485		
Loans in liquidation (12-31-46)				9	$89,800
Loans liquidated and charged off				5	93,753
Total estimated loss				14	$183,553
Estimated earnings in interest payments					$400,000

SIZE OF LOAN AUTHORIZED, STATE OF NEW YORK, CUMULATIVE THROUGH JAN. 28, 1946, BY SMALLER WAR PLANTS CORPORATION

Size—	No.	%	Amount
$ 5,000 or under	94	11.6	$ 302,833
5,001 through 10,000	125	15.5	998,889
10,001 through 25,000	293	36.2	5,624,118
25,001 through 50,000	81	10.0	3,138,091
50,001 through 100,000	75	9.3	6,940,750
100,001 through 200,000	42	5.2	6,164,993
200,001 through 300,000	34	4.2	8,561,656
300,001 through 400,000	21	2.6	7,411,300
400,001 through 500,000	6	0.7	2,824,355
500,000 through 1,000,000	19	2.3	14,154,000
1,000,001 through 2,000,000	20	2.4	29,218,500
Total	810	100.0	$85,339,485

Lewis & Stoehr Offers Li Falco Mfg. Stock

Offering of 99,500 shares of common stock, par value $2 per share, of Li Falco Manufacturing Co., Inc., Little Falls, N. Y., is being made today by Lewis & Stoehr, Inc. The stock is being offered at $3 a share.

Proceeds from the sale of this stock will be used to retire the unpaid balance due on a secured loan to Factors Company of America in the sum of $97,221, and the balance will be used for general working capital.

Li Falco Manufacturing Co., Inc. was formed in March 1946, as successor to Little Falls Manufacturing Co., established in 1909, and is engaged in the manufacture of infant's, children's, junior and ladies' knitted undergarments and sleeping garments.

The company sells to chain stores, wholesalers and department stores and has approximately three hundred accounts throughout the United States. Its products are sold under the registered trademark "Li Falco."

Carl Otto Sprague Dead

Carl Otto M. Sprague, special partner in Wood, Walker & Co., New York City, died after a brief illness at the age of 58. Until he became a special partner two years ago he had been a general partner in Wood, Walker & Co. and its predecessors for 30 years.

NYSE Firms Discuss "Permissive Incorporation"

(Continued from page 612)

Commissions or profits of over-the-counter firms necessarily are higher because of the expense of maintaining a sales force and such firms would therefore steer interest in listed stocks to over-the-counter securities whenever they could. Nor, say they, would incorporation increase the demand for seats. If anything, incorporation would tend to drive several small firms into one organization and so reduce the number of active seats on the Exchange, they think.

Because of the very rules that have been proposed by the advocates of incorporation to limit the type of person who could be or become a stockholder, most of the first class corporations in the securities and investment field would not be eligible to buy seats, it is felt. Thus, only the smaller corporations doing an investment business could qualify, it is pointed out. Firms like the First Boston Corp. would not be eligible to come in, it is said. Of the hundreds of corporations that reputedly are potential buyers of seats on the Exchange, at least a third, say the antagonists of incorporation, could not meet the requirements for membership, another third haven't the funds necessary, and still another third could have come in a long time ago if they had wanted to do so.

It is the tax angle that appears to be dominating the thinking of a large number of firms on the question—both pro and con—however. Many of the junior partners in the various firms are under the impression that incorporation, by permitting the plowing of earnings back into the industry, would enable them to build up their equity in the business. There is a great deal of confusion on this phase of the question. The fact is that in many instances there is little tax-wise which incorporaton could do that a partnership does not already allow. Partners can build up equity in their firms now by leaving earnings in the business. Junior partners earning up to $50,000 a year can accumulate funds faster now after taxes than they very likely could under incorporation because their tax is figured at less than the 38% average corporate rate.

It is equally true that a firm may conceivably build up its capital faster under incorporation than under a partnership. What proponents of incorporation sometimes fail to see is that under incorporation this capital would belong to the company, that is, to all the stockholders, and not to any individual or individuals in particular. Without agreement on some formula for placing value on the shares held in the company, the individual can lay claim to the value of his shares but only through an extended process involving a group decision of the stockholders and possibly even the Stock Exchange since the Exchange would have to approve of any new buyer. The stocks would in such a case not be easily negotiable and their true value might always be in doubt. However, with an agreement, these problems do disappear.

Dividends, it is claimed, would give value to the stocks. However, the tendency would probably be not to declare dividends. Thus, one very effective basis upon which value can be measured will often be lacking. It can be taken for granted that the tax authorities will permit the companies to accumulate capital in this way without penalty if as partnerships they followed the same practice, according to Seidman & Seidman, a firm of accountants on the "Street." The tax authorities, it is held, are certain to watch very closely the withholding of dividends that could be made by the various incorporated companies.

Was it the handwriting on the wall that was seen last Friday when the Bureau of Internal Revenue announced at Washington it was launching a drive to collect many millions in income taxes from several top-ranking Hollywood movie producers, stars and directors who, it claimed, had avoided payment of income taxes by setting up and taking stock in corporations to produce single pictures, liquidating the companies and then collecting liquidating dividends? Of course, perhaps it might be argued that the tax authorities would have little basis to declare brokerage companies the "legal fictions" that the Hollywood corporations were said to be. Proponents of incorporation are strongly inclined to take the rosy view of things and are positive that the tax authorities will not question their motives because of the continuity of their firms.

Under incorporaion—even if penalties are attached to the withholding of earnings from the stockholders—it is still possible for the stockholders eventually to gain a tax advantage, it is thought. A typical corporation—such as would be found among the Stock Exchange members under permissive incorporation—would have to pay a 38% tax on earnings. The penalty would amount to about 30% of the balance remaining from earnings after the 38% tax is allowed for. Thus, on every $100 of earnings, $38 would go for the corporation tax and about $19 for the penalty, leaving a balance of $43. Eventually, the $43 could be distributed but, if as a dividend, the amount would be subject to the full income tax. However, if the distribution is made by reason of the liquidation of the company or through a transfer of the shares, the cost is a 25% capital gains tax, or, about $11. This would leave $32 in the hands of the stockholder. This figure, of course, is much larger in many instances than would be obtained after paying an income tax which could amount to $85 of the original $100 in earnings.

There are no tax consequences on the changes in profit-sharing arrangements that can be made between partners but there are very definite regulations applying to changes in such relationships between the stockholders of a corporation, say the experts. The law does not concern itself, it is said, with a decision that may be reached between two partners, for instance, changing the distribution of earnings from, let us say, a customary 50-50 ratio to 70-30 or some other ratio. Such a change in a corporation, however, would entail recognition by the tax authorities of capital gains and losses. The partnerships are thus much freer to act on profit-sharing matters than are the corporations. Again, by previous agreement, this disadvantage to the stockholders of a corporation can be overcome. These points should certainly not be overlooked in any weighting of the advantages of partnerships and corporations over one another, many feel.

Perhaps the corporate device can't be denied to the brokerage field and pressure for permissive incorporation may be bound, in the very nature of things, to bob up again even if approval is not forthcoming at this time. Some of the more ardent advocates of permissive incorporation, in fact, promise that they will bring the subject up again if they are defeated in the present drive. Such talk would seem to indicate that the proponents of incorporation are not at all certain now that they have a majority with them. Both sides are jockeying for an advantageous position, naturally, and it may be that the advocates of incorporation hope to achieve positive results by threatening to continue the campaign indefinitely, as it were, if the count in the votes is unfavorable to their cause.

Incorporation is held by its advocates to be desirable because a broader base of ownership may sometimes be not only helpful but very necessary. It is argued that, say in the event a majority partner pulls out of a firm, the only way the firm could continue in existence would be for the remaining partners, by incorporating, to obtain compensatory capital from sources outside of the business. To safeguard the brokerage business, however, by the rules under which it is proposed to achieve incorporation, only 45% of the stockholders could be individuals not directly connected with the firms and the membership of all the 45% would have to be approved by the Stock Exchange.

In a corporation, too, it is pointed out, the capital of a deceased could remain in the firm. In the event of appreciation of this capital from the withholding of earnings during the lifetime of the deceased, no capital gains tax would be levied against the estate on the appreciated amount, either it is held.

Opponents of incorporation argue with equal zeal that any firm which for any reason needs added capital can obtain it by admitting some new partner or partners into the business. They feel that if there is any valid reason why a firm should remain in business, it will do so.

A corporation which sought additional capital by admitting a new active member into the firm as a majority stockholder, possibly to replace a previous majority stockholders who has left the firm through retirement or death might find itself in the position where the new majority stockholder might be unacceptable to some of the other stockholders who are active members of the company, say some. Such a condition, they hold, might easily create an intolerable situation and the corporation, torn apart by discordant elements within, would tend to disintegrate, bringing loss and ruin all along the line.

The impersonal relationship that usually exists between the stockholders of a corporation could also provide fertile ground for the development of a type of management control which might not represent the best interests of the firm or of the industry, it is felt. The 45% of the stockholders who do not themselves participate in the firm's business activities conceivably through manipulation of one sort or another could exert a tremendous influence upon the firm. With the possibility that all firms on the Exchange could thus be owned 45% by interests outside the industry, the brokerage business, including the Stock Exchange itself possibly in time, could be exposed to powerful outside influences.

Incorporating the member firms of the Exchange might eventually result in the incorporation of the Exchange even, it is feared. Governmental pressure might easily compel such a move, it is thought. A possible drift toward incorporation is seen by many, quite properly perhaps, as a drift toward accelerating governmental supervision of the whole brokerage industry. As the corporation laws vary in each state, the firms on the Exchange would consequently be continually torn between conflicting bureaucratic controls and judicial decisions. It is the fear of the many legal—and political—implications that makes many members of the Exchange say of incorporation that "it shouldn't happen!"

The Stock Exchange has been very successful in maintaining discipline over its membership, it is felt. The question now arises, however, just how effectively could the Exchange discipline a corporation. The fear exists that both the Exchange and the member firms would be endlessly involved in legal action—to the enrichment of the lawyers—if incorporation is allowed. Unscrupulous lawyers would undoubtedly seek out points of conflict and the whole industry would eventually find itself all tangled up in a legal mess, it is said.

One thought that is current is that incorporation would also tend to lower the standards of the industry with regard to the question of financial liability. At present, each person in the business is liable to the extent of all he owns for the financial transactions in which he engages. Under incorporation, the liability would be limited to the amount invested in the firm. Speculative firms might thus be tempted to be reckless with their customers' money, it is believed by some. Proponents of incorporation, however, insist that unlimited liability is not in line with modern thinking and is an obstacle to attracting new capital to the industry.

The thoughts expressed in these lines represent a limited cross-section of the ideas current in the brokerage industry on the question of permissive incorporation. Since the "Chronicle" sees a need for a full and complete discussion of this subject at this time—when the various members of the Exchange are trying to make up their minds as to the position they should take—it offers to open its pages for such comments as interested persons may wish to make. The "Chronicle" will gladly print any such communications as it receives. The names of those submitting comments will be withheld when requested. Communications should be addressed to the Editor, Commercial & Financial Chronicle, 25 Park Place, New York 8, N. Y.

Wallace and Small Report Trade Rise

(Continued from page 610)

approximately $100 million for the fourth consecutive month. Preliminary estimates place the value of total new construction in June at $920 million compared with $830 million in May.

Residential building continued upward, but the rate of advance was no greater than that made by other types of construction. Non-farm residential construction, including public and private, increased from $313 million in May to $344 million in June. Seasonal advances may account for further gains during the summer and fall months, but the rate of increase should slacken off shortly.

The output of steel, coal and other basic materials increased sharply during June over May production. The present high rate of operations of these basic industries will support a considerably enlarged volume of finished goods production.

Steel production rebounded sharply to near-capacity levels following the resumption of soft coal production, but June output was still considerably below this year's peak of 6½ million short tons reached in March. Total production of steel ingots in the first half of 1946 was approximately 27 million short tons, as compared with 43 million tons in the first six months of last year when operations were maintained at near peak levels.

Small Also Reports Industry at Peak

Civilian Production Administrator John D. Small on July 30 also released an optimistic statement on the production situation. He attributed the June rise in production largely to greater output of coal and steel, and an all-time record in output of many consumer durable goods, and building materials. The CPO head, however, warned that a serious manpower shortage is in the offing which may prevent further gains in production of many items.

J. D. Small

"Rising prices cannot be expected to bring a flood of goods into the market," the report stated. "The economy is too close to full production to allow a significant over-all increase in output except through increased man-hour productivity."

"The whole picture, production-wise, looks very encouraging," Mr. Small concluded. "If nothing happens to rock the boat we should get goods in tremendous volume as the shortages are relieved."

Mr. Small's report listed the production of important items during month of June as follows:

Automobiles: 142,000 cars, down 11,000 from May, largely as a result of the coal and steel strikes.

Passenger car and motorcycle tires: 5,200,000 casings, off 600,000, but still above pre-war levels.

Refrigerators: 210,000, up 7% from May but still 32% under pre-war output.

Washing machines: 193,000, up 4% from May and 22% above pre-war levels.

Radios: 1,378,000, up 16% from May, which already was above pre-war levels.

Vacuum cleaners: 177,000, up 7% from May and 13% over pre-war.

Sewing machines: 27,000, down 13% from May and only about 60% of the pre-war level.

Electric ranges: 46,000, nearly 50% over May, and almost at pre-war volume.

Gas ranges: 141,000, slightly above May, and 11% above the 1939 average.

In commenting on the period of free prices since June 30 Mr. Small stated: "Most of the price rise since June 30 has occurred in price of farm products and foodstuffs."

He added that no indication has been found during the first two weeks of the July price interregnum of large-scale buyer resistance or speculative buying and cited department store sales during the first two weeks of July 25% above the corresponding weeks of 1945.

Financing Difficulties of Small Business

(Continued from page 617)

buys Government securities. He buys a lot of insurance, and he sees no reason why he should take a chance with a small business enterprise.

Second, there has been a change in this century, particularly since World War I, in the institutional setup in this country. What we call investment banking, stock exchanges, insurance investments, big trust funds, all of these things which are institutional developments of relatively modern origin, all favor large concerns.

I spent quite a lot of time around Wall Street. I have some clients there, and I am familiar with what is going on. Look at the Kaiser-Frazer situation, how easy it was for them to secure $15 million in capital before they produced a single unit of their product. Large issues for expansion purposes are being floated almost every day by big corporations without any difficulty so far; they have been absorbing them because we have the institutional setup in this country to take care of that.

This institutional setup is here to stay. It is not something of a transitory character. You cannot reverse the trend, nor do we want to do it; but the result is that big business will be getting bigger, as was pointed out in the report on economic concentration in World War II, Senate Document No. 206, where the matter has been handled in considerable detail. At the same time small business is likely to get smaller in size and in number.

Reduced Number of Small Businesses

When I appeared on Feb. 24, 1943, to testify before the Senate Committee on Small Business, I predicted at that time, and that is in the record, that by the end of 1943 we will have lost approximately 300,000 small business enterprises in the form of failures.

A report issued the other day, and it is a reprint of an article which appeared in the May 1946 issue of the Survey of Current Business, U. S. Department of Commerce, shows that by the end of 1943 actually there were 302,800 fewer retailers than we had in September of 1941. Now that shows my prediction of a reduction of approximately 300,000 small business enterprises was very conservative. In retail alone the reduction was a little bit larger than that. I underestimated the number of failures by approximately 30,000 to 40,000 at that time, and I remember it was considered rather spectacular.

I am convinced that the need for the provision of sources from which small business enterprises can secure necessary capital, equity and credit is universally recognized. Not long ago Mr. James C. Yocum of our Bureau of Business Research at Ohio State University, prepared a suggested program of research and education to aid small business in Ohio. This was presented to the Ohio Small Business Commission which was appointed by our Legislature. And the interesting thing was the following statement. After he analyzes the situation of small business in Ohio, Dr. Yocum says:

"What, then, are such measures which the State of Ohio can undertake: First, that it must be observed that several positive measures directed at specific problems of small business are already underway, that there are other small business problems which by their character are not susceptible of treatment by state or local agencies."

Some examples are given, and the first one is financing. This is what he said about financing:

"Various committees of the United States Congress and the departments of the Federal Government have had this problem under study for many years." I know for ten years, at least.

"And it seems almost a certainty that some definite steps will be taken by Federal agencies."

Favors Mead Bill

That is the kind of an expression you get back home. People feel something should be done and it is high time that it should be done now.

I am of the opinion that Senate Bill 1320, introduced by Senator Mead, will go a long ways in remedying the inequitable situation that has developed on the financial front, which threatens the very existence of small business enterprises, and through it the very economic system which we are trying to preserve and keep functioning in an effective manner.

The bill has the virtue of embodying the following important principles:

One, it provides for a very simple and workable plan.

Two, it makes the operation self-sustaining.

Three, it does not create a new Federal system.

Four, it utilizes the existing private banking and financial organizations.

Five, it utilizes the facilities of the Federal Reserve System and its agencies.

Six, it provides a permanent plan, not like the War Plant Corporation, which was a temporary organization.

Seven, it insures loans to small business enterprises and that has been accomplished by two provisions.

And, as Senator Mead pointed out, it limits the maximum size of the loan which cannot exceed $250,000 to any one concern or individual.

Another important provision, very important in my opinion, is that of the total outstandings by the corporation, not less than 50% must be in loans of under $50,000 each, which insures that a large number of loans will be made in the lower brackets.

Finally, the thing is large enough to give it a real opportunity, since the outstandings could amount to as much as $1 billion.

I don't think that is too much, but it is large enough to give it a chance to work.

There are still, however, a few things, although relatively minor in importance, that might be improved in this bill, and I think in about an hour's work, or maybe two hours in conference, some of these corrections, or modifications could be made. One of them, for example, in the statement of objectives the words "Short-term credit" should be substituted with the word "intermediate."

Apparently there is no intention to make any short-term loans. That is the province of commercial banks. Since the loans must be made from one to ten years, a one-year loan is not considered a short-term loan, so the word "intermediate" might be substituted for it, and I would recommend that change.

Subsection 2, line 8, page 5, gives the corporation authority to define a financing institution. I am afraid that such authority may be utilized in a manner to limit participation in this kind of business only to commercial bankers. I am convinced that the demand for credit of the type contemplated will be so tremendous that several kinds of financial institutions should be given an opportunity to make such credit available. That would broaden the base and would make for healthier competition.

Definition of Financial Institution

I should like to see a statement in the bill which would define a financing institution as "Any member institution of the Federal Reserve System or any state bank, trust company, industrial or commercial credit corporation, incorporated loan and finance company, cooperative bank, building and loan association, or other financial organization organized under the laws of any state, territory, or the District of Columbia.

There are some other reasons here why I think we ought to have some definitions, some place, either in the bill or in some other fashion.

And a fourth suggestion I would like to make pertains to the appointment of a Board of Governors of five members by the Federal Reserve Board. I object to that on the ground, first, that the corporation is going to have little autonomy in that case; and, second, if the Federal Reserve Board should prove unsympathetic to this venture, by the means of that authority to appoint a Board of Governors it might pretty well nullify the purposes of this legislation.

We might specify in the Bill that at least one of the five members should come from the financing field other than commercial banking; and one of the members might come from the commercial or industrial field other than "big business" enterprises.

That is, we fully appreciate, gentlemen, that it is impossible to put into a bill all the necessary safeguards against possible sabotaging of the spirit of the law by a non-sympathetic administration.

I am equally appreciative of the generally high quality and unquestioned integrity of the members of the Federal Reserve Board.

I do wish, however, that it were possible for their guidance, if nothing else, somewhere to express more fully the intent of the sponsors of this legislation that the bill should be sympathetically administered and that full use should be made of the Advisory Committees made up of local businessmen from industry, commerce, banking, and other financing fields.

In conclusion, I wish to state that in my opinion Senate Bill 1320, if revised in some of these minor respects, is a splendid measure that will go far in curing an ill from which small business has been suffering for some years, and that it will fill a truly basic need.

I sincerely hope that you may now see your way clear to report it out and to have it later enacted into law.

OPA Actions Under New Law

(Continued from page 610)

to provide incentive for increased production. It has been backed up by an offer to textile mills which was accepted to increase all cotton textile items 16%. Meanwhile there has been predicted a general increase in canned vegetables, cereals, coffee, and bakery products.

No Refunds of Interim Rent Increases

An important announcement of the OPA was a ruling that landlords who continue to collect rents over ceiling are in violation of Federal law and subject to prosecution. However, those who collected more than maximum rent for the interim period will not be required by OPA to refund the excessive amounts. Moreover, landlords who changed their rental bases during the interim, such as from a monthly to a weekly basis, must, if they are contrary to rent regulations, return to the rental period in effect June 30, 1946. This applies even in cases where there has been a change in tenancy during the interim.

Terms of leases signed during the interim that conflict with OPA controls are also to be held void.

Appropriation for War Dept

Recent legislation signed by President Truman, on July 16, according to Washington advices from the Associated Press, include: $7,263,542,400 appropriation bill financing the War Department's first year of postwar operation. Approximately one-third as large as the previous appropriation for the Army, the measure includes funds for continued operation of the atomic bomb project and for military relief and government in occupied countries.

A measure authorizing the Veterans Administration to accept gifts for the benefit of former members of the armed forces. Heretofore, bequests and other gifts for aid to veterans have had to be channeled into the Treasury general fund.

Haiti Bonds Called

Holders of Republic of Haiti Customs and General Revenues External 30-year Sinking Fund 6% Gold Bonds are being notified that $49,836.67 of the Series C bonds, due Oct. 1, 1953, and certificates of interest in said bonds and $414,500 principal amount of the Series A bonds, due Oct. 1, 1952, have been called for redemption on Oct. 1 next at prices equivalent to 100% of the principal amounts. Redemption will be made at the principal office of The National City Bank of New York, fiscal agent.

Brazil in Free Money Mart

Noting that Brazil on July 23 abolished its official exchange rate and the Banco do Brasil quoted a dollar rate equal to 5.33 cents a milreis, the New York "Sun" of July 24 said:

"Since the milreis has been quoted at around 5.06 the effect is to show an appreciation of the Brazilian unit against the dollar.

Our Reporter's Report

The investment underwriting fraternity is feeling much better about the state of the new issue market at the moment, even though it admits that some of the recent new equity issues have been found a bit sticky.

But as far as new corporate obligations are concerned, the consensus seems to be that things are going very nicely and that in that direction there is little or no cause for concern.

In fact with official and working staffs pretty well decimated by vacation schedules the current slack is accepted not only as wholesome, but as a welcome respite.

Wall Street had its fingers crossed for a time as the huge American Telephone & Telegraph Company new financing approached the offering stage. With most big institutions carrying substantial amounts of that company's securities in their portfolios there was a feeling that considerable resistance might develop in that direction.

Momentarily there was a tendency to hold off on the part of some of the larger buyers, but after a day or two they were in the market for sizable commitments. At the moment only a smattering of the issue remains unsold and it is reported closing out satisfactorily under the impetus of "on order" buying.

Sunray Oil Issues

Proof of the receptive mood of investors for issues which meet their requirements was presented in the marketing of Sunray Oil Corp.'s $20,000,000 of 20-year 2⅞% debentures and 1,000,000 shares of common stock.

This undertaking was scheduled for last week, but bankers evidently decided to defer public offering of the securities in consequence of the unsettlement which had developed in the seasoned markets.

Now, however, it appears that such concern was not especially warranted. Brought out as a secondary undertaking following the close of the market on Monday both the debentures, priced at 101⅛ to yield 2.80% to maturity and the common stock priced at 10¾ were disposed of within an hour and the books closed.

Bon Voyage

The newly constituted and greatly enlarged The First Boston Corporation, representing a consolidation of the old First Boston Corp. and the Mellon Securities Corp. is being launched officially today.

As separate entities, both these firms set up enviable records in the underwriting field and in consolidation they produce one of the largest investment banking firms, in point of capital, and also of coverage, in the business.

In addition to its underwriting business the new firm will maintain completely rounded out trading facilities for handling U. S. Treasury, municipal and corporate bonds and stocks, along with bank and insurance company issues, bankers acceptances and foreign bonds.

Northern States Power of Minn.

The only other sizable piece of business on the new issue calendar this week was the sale at competitive bidding of 275,000 shares of new preferred stock of the Northern States Power Co. of Minnesota, up for bids yesterday.

The issue was granted to Dillon. Read & Co. Inc. on a bid of 102.75 (less compensation of $2.27 per share) for a $3.60 series.

This undertaking is designed to provide the company with funds for the retirement of an equal number of shares of $5 preferred stock outstanding.

Before any public offering, however, holders of the present preferred shares are being given an opportunity to exchange their shares for the new stock on a pro rata basis plus a cash adjustment for any difference between the offering price of the new issue and $110 the call price set for the old shares.

Holds A Budget Deficit Is Now Inexcusable

Northern Trust Company of Chicago condemns high rate of Government expenditures and points out that a substantial budget surplus is most tangible anti-inflation action available.

Unless economies are made in various items of the budget presented by the President last January for the fiscal year 1947 an upward revision will be necessary to carry through the Government's administrative program, according to the August issue of "Business Comment," the monthly publication of The Northern Trust Company, Chicago.

Quoting a report by Mr. Steelman, Director of Reconversion, that this revision may reach 10 to 15%, the bulletin goes on to say that "Mr. Steelman's report, however, stressed the need for reductions in Government spending in view of present inflationary conditions. The President, in a statement on the Director's report, said the Government expenditures will be reduced. The President stated further that all deferrable construction and public works projects will be studied and that military and veterans' programs will be reviewed to determine where they can be reduced. These observations are encouraging."

Commenting further on Government expenditures and receipts The Northern Trust Company says, "The January budget message estimated fiscal year 1947 expenditures at $35,125,000,000 and receipts at $31,513,000,000, leaving a deficit of $3,612,000,000. The expenditures' estimate made some, but probably inadequate, allowances for rising costs of Government. The budget contained allowances for expenditures connected with international financial and loan agreements, but these estimates may prove too small. Army and navy expenditures have been rising above earlier estimates of $16,000,000,000 for the 1947 fiscal year.

"Some administration officials recognize the necessity of restraining expenditures in the present inflationary environment. A budget deficit under present conditions is inexcusable. The most tangible anti-inflationary action the Federal government could take would be to run a substantial budget surplus. The problem is to find the places where substantial cuts can be made."

Although the spendings of the civil departments and agencies constiutte little more than 5% of total expenditures in the budget, they are esimated at more than twice the 1939 level, the bulletin points out, stating "Some of these programs are essential while it would appear that others are not, at least under present conditions."

In conclusion the Bank says, "The importance of economy wherever possible cannot be minimized, yet it is obvious that near-term savings in non-war expenditures can hardly exceed a few billion dollars unless the international loan program is curtailed. Really substantial cuts, if they are to come, must be found in military items. The budgeted figures — $8,000,000,000 for the army, $5,000,000,000 for the navy and $3,000,000,000 for other war purposes—are almost one-tenth of the national production of goods and services. Uninformed persons cannot say that substantially lower figures would endanger national security. But the military should know that they cannot have the free rein in peace that they had in war."

Food Outlook Highly Favorable, Says Bullis

President of General Mills points to easing of European famine, combined with our large domestic crops.

"The present period is one of uncertainty, but two prospective developments are very encouraging for the food industry," said Harry A. Bullis, President of General Mills, Inc., at his company's Annual Report Luncheon at the Hotel Waldorf-Astoria in New York City July 26. Mr. Bullis continued:

"One is the easing of famine abroad as Europe's second postwar crop is harvested and our relief efforts are continued. The second favorable factor is the abundant crops with which we have again been blessed here at home. Our large cereal crops this year—thanks to the American farmer's wonderful record of production—will be of immense help in providing the industry with grain, the people of our country with food, and particularly in alleviating famine conditions overseas.

High Productivity the Answer

"The chief set of difficulties from which we must now extricate ourselves are those of high prices and low productivity," said Mr. Bullis. "The well-intended wage increases have been heavily nullified by the unavoidable price increases required to compensate for the excessive increases in pay scales. Until the emphasis gets shifted to productivity, we cannot move vigorously ahead. We took it too much for granted that 'industry always finds a way.' Without recognition of the fact that only the achievement of high productivity can make the universally desired high wage policy possible in America, we have have allowed high money wages to interfere with high real wages.

"But the knowledge learned from this free-enterprise and free-labor arithmetic, sooner or later, will pay all of us rich dividends," he continued. "We are learning that cooperation, not strife, is the only way. Our industrial problem can be solved only by cooperation. Until we solve our own problem of balance through cooperation, we cannot obtain the prosperity or security we want for every working individual.

Inflation Will Be Checked

"The United States has been in the spiral of inflation. One round was completed as the several patterns of national wage increase were put into effect. A second round must be resisted, **and it will be successfully resisted.** The public has been roused to demanding the necessary resistance. That same public is demanding elimination of wartime controls. In the United States we will not have run-away inflation because (1) productivity will be increased by both labor and management, and (2) consumers will go on a buyers' strike if prices get too high.

Looking Ahead

"For the future, we must begin now to plan for maintaining high production and employment. In General Mills, we have been fortunate in performing services for the public which the people consider necessary. We are now aiming at higher levels of service, volume, and earnings. We are confident that our volume of business in old and new lines, after wartime restrictions are removed from the industry, will far surpass any levels that we have ever had, either in war or in peace.

"We are going forward with confidence, in the sincere belief that only a business enterprise which is expanding and progressive is doing its full share toward giving our nation the high level of employment and the economic buoyancy which will insure the continuance of our American system. Only a free economy can be a fully productive economy, and only through high production can we hope to have enough goods and services to maintain and improve our standard of living."

Exempts From Tax Gain In Debt Discharge

The House, on July 18, passed and sent to the Senate a bill extending for another year beyond December 31, 1946, provisions under which corporations are not taxed for income attributable to discharge of indebtedness. The bill also provides for extending for a year, Washington advices to the "Wall Street Journal" stated, the time for filing refund or credit claims relating to war losses. The Senate Finance Committee later unanimously approved the legislation. The same Washington advices also stated:

"Two sections of the internal revenue code are involved in the extension of time for exemption of income from debt retirements. Section 22 (B) (9) allows corporations to exclude such income from their gross income for the year provided they consent to other regulations relating to adjustment of basis of property by the amount excluded from gross income.

"Section 22 (B) (10) applies to railroad corporations which have income attributable to the discharge of indebtedness pursuant to an order of a court in a receivership proceeding or in a proceeding under Section 77 of the Bankruptcy Act.

"Neither provision applies to taxable years beginning after December 31, 1946. The bill passed by the House extends the provisions for another year.

"In recommending extension of time for the filing of claims for credit or refund based upon overpayments resulting from failure to take war losses as deductions, the House Ways and Means Committee said: 'It is believed that a number of taxpayers with war losses sustained in 1941 and 1942 have as yet failed to claim deductions for these losses.'

"Since the time for claiming credit for refund with respect to war losses sustained in 1941 or 1942 will expire in the usual case on December 31, 1946, the committee decided to grant another year during which claims may be filed.

"The bill passed by the House provides that in the case of such claims relating to property destroyed or seized for a taxable year beginning in 1941 or 1942 the three-year period of limitation prescribed by law shall not expire before December 31, 1947.

American Securities Corp. Formed

(Continued from page 615)

prior to 1932 when he died. The younger Mr. Rosenwald was graduated from Masscahusetts Institute of Technology and did post-graduate work at Harvard University and the London School of Economics and Political Science. From 1934 to 1938 he was a director of Sears, Roebuck & Co. and in 1936 he established William Rosenwald-Capital Enterprises. He is also a director of the American Arbitration Association and a life member of both the Foreign Policy Association and the American Academy of Political and Social Science.

Among the offices Mr. Rosenwald holds in charitable organizations are: national chairman of the 1946 $100,000,000 United Jewish Appeal campaign; vice chairman, The American Jewish Joint Distribution Committee, Inc.; honorary president, National Refugee Service, Inc.; and trustee of Tuskegee Institute. He is also a director of The Philharmonic-Symphony Society of New York.

Mr. Charles G. Terry, born in New York City, is a director and chairman of the finance committee of Colorado Fuel & Iron Company; director and member of the executive committee of the U. S. Vitamin Corporation; director and member of the executive committee of Fidel Association of New York; a director of Marion Power Shovel Company and a director of Dazey Corporation, St. Louis. From 1913 to 1919 Mr. Terry was associated with Harris Forbes & Company following which he joined Schoellkopf, Hutton & Pomeroy, Inc. upon its incorporation in 1919. He was a vice president and a director of that company when he resigned the first of this year.

Mr. Diefenbach, born in Ebenezer, N. Y., was graduated in 1919 from New York University, after which he served one year in the Army during the first World War. From 1918 to 1939 he was in the investment banking business where he was associated at different times with Guaranty Trust Company of New York, Bonbright & Company, G. E. Barrett & Co. and Blair & Company. At present Mr. Diefenbach is chairman of the executive committee of Certain-teed Products Corporation, chairman of the board of Marion Power Shovel Company and a director of Electric Ferries, Inc., Freeport Sulphur Company, Panhandle Eastern Pipe Line Company and International Utilities Corporation.

US, Britain Ratify Taxation Agreement

Secretary of State James F. Byrnes and the British Ambassador, Lord Inverchapel, on July 25 exchanged instruments of ratification of the "no double taxation" agreement between Great Britain and the United States. The Associated Press reporting this from Washington said:

"The purpose of the pacts is to avoid duplication of taxation on income and property by either country. The agreements also provide for exchange of information between the two countries to prevent tax evasion by any individuals."

Broker-Dealer Personnel Items

(Special to THE FINANCIAL CHRONICLE)
ATLANTA, GA.—H. Grady **Black, Jr.** has been added to the staff of **The Robinson-Humphrey Co.**, Rhodes Haverty Building. He has been serving in the U. S. Navy.

(Special to THE FINANCIAL CHRONICLE)
BOSTON, MASS.—**George A. Hoban** is with **Denton & Co.**, 30 State Street. In the past he was with Lapham, Fahy & Co.

(Special to THE FINANCIAL CHRONICLE)
BOSTON, MASS.—**John B. Rowland** is connected with **Hayden, Stone & Co.**, 85 Water Street.

(Special to THE FINANCIAL CHRONICLE)
BOSTON, MASS.—**Ann H. Harper** has become affiliated with **Shea & Co.**, 31 State Street.

(Special to THE FINANCIAL CHRONICLE)
BOSTON, MASS.—**William J. Leary** has become associated with **J. Arthur Warner & Co.**, 89 Devonshire Street.

(Special to THE FINANCIAL CHRONICLE)
BOSTON, MASS.—**William Van N. Washburn** is with **White, Weed & Co.**, 111 Devonshire Street.

(Special to THE FINANCIAL CHRONICLE)
CHICAGO, ILL.—**Robert D. Miller** has become associated with **E. W. Thomas & Co.**, 135 South La Salle Street. He was formerly with Halsey, Stuart & Co.

(Special to THE FINANCIAL CHRONICLE)
CHICAGO, ILL.—**Irvin H. Rudolph** has joined the staff of **Welsh, Davis & Co.**, 135 South La Salle Street. He was formerly in the U. S. Army.

(Special to THE FINANCIAL CHRONICLE)
DANVILLE, ILL.—**Robert J. Oswalt** has been added to the staff of **William H. Flentye & Co., Inc.**, First National Bank Building; he was recently in the U. S. Navy.

(Special to THE FINANCIAL CHRONICLE)
DETROIT, MICH.—**Robert T. Brice** has joined the staff of **Slayton & Co., Inc.**, 1150 Griswold Street.

(Special to THE FINANCIAL CHRONICLE)
DETROIT, MICH.—**John R. Odell, Jr.** has joined the staff of **First of Michigan Corp.**, Buhl Building.

(Special to THE FINANCIAL CHRONICLE)
INDIANAPOLIS, IND.—**Ronald B. Woodard** is now with **Raffensperger, Hughes & Co., Inc.**, Merchants Bank Bldg.

(Special to THE FINANCIAL CHRONICLE)
KANSAS CITY, MO.—**Lester R. Giegerich, William E. Maher** and **James G. Watkins** are with **Merrill Lynch, Pierce, Fenner & Beane**, 1003 Walnut Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Luigi Travostino** has been added to the staff of **Barbour, Smith & Co.**, 210 West Seventh Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**W. S. Thorwaldson** is with **G. Brashears & Co.**, 510 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Keith C. Farley** is connected with **Holton, Hull & Co.**, 210 West Seventh Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Edna L. Shramek** has become affiliated with **E. F. Hutton & Co.**, 623 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Wheeler T. Abbett, John D. W. Morrill** and **Frank G. Plaisted** have joined the staff of **Slayton & Co., Inc.**, 629 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Alan Peyser** has become associated with **Sutro & Co.**, Van Nuys Building.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Elmer S. Carlson** has joined the staff of **Walston, Hoffman & Goodwin**, 650 South Spring Street. In the past he was with E. F. Hutton & Co.

(Special to THE FINANCIAL CHRONICLE)
NEW HAVEN, CONN.—**Eric C. Gustavson** is with **R. H. Johnson & Co.**, 64 Wall Street, New York.

(Special to THE FINANCIAL CHRONICLE)
PORTLAND, MAINE—**Harvard E. Jellison** is connected with **Coburn & Middlebrook**, 465 Congress Street.

(Special to THE FINANCIAL CHRONICLE)
PROVIDENCE, R. I.—**George L. Fales** has become affiliated with **McDowell, Dimond & Co.**, Hospital Trust Building.

(Special to THE FINANCIAL CHRONICLE)
ST. LOUIS, MO.—**Marion R. Shreve** has joined the staff of **Herrick, Waddell & Co., Inc.**, 418 Locust Street.

(Special to THE FINANCIAL CHRONICLE)
ST. LOUIS, MO.—**Hugh Murray French Lewis** is associated with **Reinholdt & Gardner**, 400 Locust Street.

(Special to THE FINANCIAL CHRONICLE)
ST. LOUIS, MO.—**John C. Bailey** is with **Slayton & Co., Inc.**, 408 Olive Street.

Business Man's Bookshelf

Trial on Trial, A—The Great Sedition Trial of 1944—Maximilian St. George and Lawrence Dennis—cloth—$5.00.

Physically Handicapped Worker in Industry, The—Gilbert Brighouse—Industrial Relations Section of California Institute of Technology, Pasadena 4, Calif.—paper—$2.00

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Dullness not activity expected in immediate future. Watch for individual moves during this period. Trading between 195 and 200 looked for

The statement made here last week (written Monday) that the averages were beginning to feel for bottom, was hardly out of the typewriter when the market started to act as if it were following a blue print. Naturally such a performance is gratifying if for no other reason than it gives me a chance to stick out my chest and say I told you so. But Wall Street is not the place where you can coast along on past performances; not unless you make a load of money and pull out. But taxes make such a dent in profits today that one has to make three times as much to achieve any theoretical goal.

* * *

In last week's column I said the averages would "sort of melt . . . to around the 195 or the 193 level" before turning up. At the time this was written averages were about 201. A few days later they were down flirting with the 194 point. Applying this statement to individual stocks I pointed to the steels and motors as the likliest recipients of any upturn. At the same time I warned holders of General Motors that its action was bad and indicated lower prices.

* * *

If you are a follower of this space you know what happened. The stocks specifically mentioned went up while General Motors is courting a new low, which it may make before you read this. So today the averages are back to just under 200 and the optimists again are beginning to cluster around the translux.

* * *

But just as I thought the low would be seen around 193-195 so do I think that any rapid advance from here is improbable, though not impossible. I can give you reasons for thinking so but confidentially the reasons I can dream up are not impressive. In fact every time I have to give reasons I start to reach. And if the reasons happen to be true, as shown by future developments, it is usually a coincidence and not the result of any inside information. As a matter of fact I don't know of any other person who has less information on what will happen tomorrow than I. It is for this reason that I'm constantly awed at the learned articles I read (on page one of the "Chronicle," for instance) which cite chapter and verse as to why the bull market is over, or why it is not.

* * *

One writer says, in a few hundred well chosen words, that labor is responsible for the end of the bull cycle. Another one doesn't see the end of the bull market for some time and cites equally convincing reasons. The only fly in his ointment is the possibility of higher corporate taxes. The market being a dispassionate judge of everything that goes into the make-up of the price structure, fails to be as specific as either of these writers.

* * *

When the market hit the 210 figure the first time it gave signs then that the end of the current cycle was over. This was duly mentioned here with specific advice to take profits even though the possibility of getting the top eighth was very remote. As I recall it the inflation theory was riding high and the sentiment was all on the up-side. I didn't know whether labor would demand more money though I could see that with prices going up, it probably would and neither did I know anything about higher corporate taxes. But it has been the history of inflation that taxes usually advance as prices rise.

* * *

No, the market through its ripples and its waves, is a sensitive barometer which tells in its own way if it is going higher or lower. The "whys" are left to the boys in the back room who use statistics and slide rules to come up with answers that are hoped will satisfy customers who bought in anticipation and are now in the red.

* * *

More than a month ago I thought the bull trend was over. But that doesn't mean that rallies, good ones too, are a thing of the past. In fact the shrewd trader can make more on the short run-ups in indeterminate markets than he can in bull cycles. There is no hard and fast rule in trading. What is good for one man is bad for another. You know that old cliche, about one man's meat etc. Well, the market is one place where it applies every day.

* * *

Right now I think the market is through going down. But that doesn't mean all stocks will go up what I look for is an extension of dullness with the price range fluctuating (D'ja ever hear that one about the Chinaman and the f o r e i g n exchange fluctuations?) between 195 and 200. I don't know when it will break out but when it does it will probably go in a direction opposite to what you expect.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

SEC Aims Include Registration 'Counter' Issues

(Continued from page 611)

and because the publicly-aired agitation over the alleged "abuses" has led to voluntary self-correction by the underwriting houses.

New Issue Information Mechanics To Be Improved

The new Chairman revealed as one of his cardinal aims, "assurance that the pertinent information actually gets to the new security buyer before he puts up his money." The Commission will intensively pursue all practical possibilities of getting data into the hands of purchasers in such a way, both as to content and timing, that reasonable business judgments can be formed. Wider use of the "red-herring" prospectus, and other pre-registration media, will be explored.

Mr. Caffrey cited the continuation of the menace which has confronted the SEC and all other government regulation of finance, existing in the impression being unwittingly given to the public, that government supervision over informational practices implies a warrant of Federal approval of the quality of investments.

International Bank Securities To Be Registered

Questioned concerning the subjection of the prospective securities of the International Bank to the provisions of the Securities Act, Mr. Caffrey replied that Congress has definitely laid down the policy that these issues shall be registered thereunder.

On public utility holding company dissolution and utility integration the new Chairman considers that the agency's progress has been highly satisfactory. He promises that this will be "vigorously pursued," and that the work on the Act regarding the big companies will soon be completed—"with a few exceptions." In appraising his agency's functions, the Chairman feels that the Street is over-conscious of its doings in the utility field *vis-a-vis* the pursuance of its fundamental aim in combating fraud.

Remaining in Philadelphia

Questioned as to the Commission's possible return to its birthplace of Washington from Philadelphia because of imminent easing of the office-space situation, Mr. Caffrey pointed out that even if office housing be found, residential quarters still must be provided for its staff of 900-1,000 employees.

Securities Now in Registration

● INDICATES ADDITIONS SINCE PREVIOUS ISSUE

Abbott Laboratories, North Chicago, Ill. (8/14)
July 9 filed 169,991 common shares (no par). **Underwriters**—A. G. Becker & Co., Inc.; F. S. Moseley & Co., and Shields & Co. **Offering**—Company is offering to common shareholders of record July 29 rights to subscribe for these shares on the basis of one share for each 10 common shares held. Rights expire Aug. 13. Price $60 per share. **Proceeds**—Refunding and general corporate purposes.

Acme Electric Corp., Cuba, N. Y. (8/13-16)
June 26 filed 132,740 shares ($1 par) common stock. **Underwriters**—Herrick, Waddell & Co., Inc., and First Colony Corp. **Offering**—To be offered publicly at $5 a share. **Proceeds**—Company will receive proceeds from the sale of 68,880 shares and four selling stockholders the proceeds from the sale of 63,860 shares. Company also will receive proceeds from the sale of 20,000 warrants for common stock to underwriters at an aggregate price of $200. Of the net proceeds ($292,940) $50,000 will be used to pay current bank loans; about $20,000 will be used for machinery and equipment, and the remainder for working capital.

Admiral Corp., of Canada, Ltd., Toronto
July 8 filed 150,000 shares ($1 par) common stock. **Underwriters**—Dempsey & Co. **Offering**—Company will offer this stock initially to its common stockholders at $3 a share. **Proceeds**—$75,000 is earmarked for purchase of machinery and equipment, and tools, jigs, dies and fixtures; balance will be available for corporate purposes.

● Aeronautical Services, Inc., Washington, D. C.
July 25 (letter of notification) company from time to time within the next year proposes to offer 200 shares of preferred stock ($100 par) and 200 shares (no par) common to oficers and emplyees only, at $100 and $15 a share, respectively, without underwriting. **Proceeds**—For working capital.

● Aerovox Corp., New Bedford, Mass.
July 23 (letter of notification) 25,000 shares ($1 par) common. Offering price, $11.50 a share. **Underwriter**—Ames, Emerich & Co., Inc., Chicago. **Proceeds**—For additional working capital.

Air Cargo Transport Corp., New York
June 19 filed 435,000 shares ($1 par) common stock. **Underwriters**—By amendment. Price by amendment. **Proceeds**—Of the total, 35,000 shares are being sold by stockholders and the remainder by the company. The latter will use $60,000 of the proceeds to repay a bank loan, about $500,000 for new equipment and $250,000 for ground installations at various points in the United States.

Air Express International Agency, Inc., New York (8/20)
July 22 filed 125,000 shares of 50-cent par common. **Underwriters**—Newburger & Hano; Kobbe, Gearhart & Co., and Burnham & Co., all of New York. **Offering**—The shares will be offered publicly at $6 a share. **Proceeds**—Estimated net proceeds of $656,250 will be added to general funds.

● Airline Foods Corp., of New York, N. Y. (8/14)
July 26 filed $1,700,000 of 5% sinking fund debentures, due 1962, and 120,000 shares of 5½% cum. conv. preferred stock ($25). **Underwriting**—Herrick, Waddell & Co., Inc. **Price**—Debentures 99, preferred stock, $25 a share. **Proceeds**—To purchase on or before Sept 17 all issued and outstanding capital stocks of David G. Evans Coffee Co.; Empire Biscuit Co.; San Jose Packing Co.; and James A. Harper Supply Co., and for working capital. **Business**—Manufacturing and processing of various foods sold under own brand name by the company and its subsidiaries.

● Allis-Chalmers Manufacturing Co., West Allis, Wis. (8/14)
July 26 filed $15,000,000 2% debentures, due 1956, and 359,373 shares ($100 par) cumulative convertible preferred stock. **Underwriters**—Blyth & Co., Inc. **Offering**—Preferred stock will be offered for subscription to common stockholders at the rate of one preferred share for each seven common shares held. Unsubscribed shares and debentures will be sold publicly. Price by amendment. **Proceeds**—For plant expansion and to increase working capital. **Business**—Manufacture of agricultural, electrical and industrial machinery and equipment.

American Broadcasting Co., Inc., N. Y.
June 27 filed 950,000 shares ($1 par) common stock. **Underwriter**—Dillon, Read & Co., Inc., New York. **Offering**—A maximum of 100,000 shares may be sold by company to persons, firms, or corporations with whom the corporation had network affiliation agreements on March 31. The remainder will be offered publicly. Price by amendment. **Proceeds**—Company will use $4,000,000 to prepay 2% notes, due Oct. 14, 1947, and about $2,800,000 for acquisition of radio station WXYZ at Detroit. Balance will be added to general funds.

American Cladmetals Co., of Pittsburgh
July 8 filed 196,500 units comprising 196,500 shares of voting common stock ($1 par) and 589,500 shares of non-voting common stock ($1 par), each unit consisting of 1 share of voting common and 3 shares of non-voting common. **Underwriters**—None—the company intends to distribute its common stock directly to the public. **Offering**—Price $6 per unit. **Proceeds**—Net proceeds estimated at $1,179,000 will be used to pay a mortgage on plant, pay accounts payable, purchase equipment, for building alterations and working capital.

American Home Products Corp., N. Y. (8/17)
June 28, 1946 filed 116,926 shares of ($1 par) capital stock. **Underwriters**—No underwriting. **Offering**—The shares are offered to stockholders of record July 31 in ratio of one new share for each 10 shares held. Rights expire Aug. 16. **Proceeds**—Liquidation of $6,000,000 short term bank loans; balance to purchase additional land, plants, machinery, etc.

American Locomotive Co., New York (9/16)
July 18 filed 100,000 shares each of $100 par prior preferred stock and $100 par convertible second preferred stock. **Underwriting**—Union Securities Corp., New York. Price by amendment. **Proceeds**—Net proceeds, with other funds, will be used to redeem $20,000,000 of 7% cumulative preferred stock at $115 a share plus accrued dividends.

● American Overseas Airlines, Inc., New York (8/14)
July 26 filed 1,049,895 shares of capital stock ($1 par). **Underwriters**—None. **Offering**—Shares are being offered by the company to holders of its capital stock in the ratio of 1½ shares for each share held by record. Price by amendment. **Proceeds**—Will initially become part of general funds and available for general corporate purposes, including payment of short-term bank loans outstanding in the amount of $10,000,000 and which were obtained in March of this year in anticipation of this financing. **Business**—Aerial transportation.

American Research & Development Corp., Boston
July 2, 1946 filed 200,000 shares ($1 par) common. **Underwriters**—Estabrook & Co., and Harriman Ripley & Co., Inc. **Offering** — To institutional investors at a minimum of 1,000 shares each, and to others at a minimum of 400 shares each. Price, $25 a share. **Proceeds**—For investment.

American Water Works Co., Inc., N. Y.
March 30 filed 2,343,105 shares of common (par $5) plus an additional number determinable only after the results of competitive bidding are known. **Underwriters**—To be filed by amendment. Probable bidders include Dillon, Read & Co. Inc., White Weld & Co., and Shields & Co. (jointly), and W. C. Langley & Co. and The First Boston Corp. (Jointly). **Offering**—Price to public by amendment. **Purpose**—The common stock, together with $15,000,000 10-year 3% collateral trust bonds (to be sold privately) are to be issued to acquire certain assets of American Water Works & Electric, liquidate two subsidiaries, Community Water Service Co. and Ohio Cities Water Corp., and provide cash working capital. Common stock is to be offered initially for cash to common stockholders of parent and to public holders of preferred stocks of Community and Ohio in exchange for their shares. Stock not subscribed or issued under exchange offers are to be sold for cash to underwriters. For details see issue of April 4.

● American Wine Co., St. Louis, Mo.
July 24 filed 120,000 shares ($1 par) common. **Underwriters**—None. **Offering**—Shares being registered are held by Louis E. Golan, Presiden. of company, who acquired them last June 5 upon the surrender for cancellation of $432,000 of notes of the company. About 60,184 shares will be offered to stockholders of the company, including remaining shareholders of Cook's Imperial Wine Co., at $3.60 each and at the rate of 12 new shares for each 26 held. The remaining 59,816 shares will be re ained by Golan. **Proceeds**—Proceeds to go to the selling stockholder. **Business**—Manufacture of sparkling wines.

American Woolen Co., New York (8/8)
July 19 filed 525,000 shares (no par) $4 cumulative convertible prior preference stock and 1,050,000 shares (no par) common stock. **Underwriting**—No underwriting. **Offering**—Under terms of recapitalization plan, the company will offer the preference stock in exchange for its outstanding 7% cumulative preferred stock at the rate of 1½ shares of preference stock plus $8.50 cash for each share of preferred. The new common is reserved for conversion of preference stock on the basis of 2 shares of common for each preference share.

● Anchor Casualty Co., St. Paul, Minn.
July 29 (letter of notification) 10,000 shares ($10 par) common. No underwriters. Offering price to existing shareholders and assigns, $25 a share. **Proceeds**—For additional working capital.

Arkansas West. Gas Co., Fayetteville
June 5 filed 33,639 shares of common stock (par $5). **Underwriters**—Rauscher, Pierce & Co. Inc., and E. H. Rollins & Sons Inc. **Offering**—Stock will be offered to the public. Price by amendment. Shares are being sold by six stockholders.

Armour and Co., Chicago
July 12 filed 350,000 shares (no par) cumulative first preference stock, Series A; 300,000 shares of convertible second preference stock, Series A, and 1,355,240 shares common stock (par $5). **Underwriter**—Kuhn, Loeb & Co., New York. **Offering**—The 350,000 shares of first preference stock will be offered in exchange to holders of its 532,996 shares of $6 cumulative convertible prior preferred stock at the rate of 1.4 shares of first preference stock for each share of $6 prior preferred. Shares of first preference not issued in exchange will be sold to underwriters. The 300,000 shares of second preference stock will be offered publicly. The 1,355,240 shares of common will be offered for subscription to common stockholders of the company in the ratio of one-third of a new share for each common share held. Unsubscribed shares of common will be purchased by the underwriters. **Price**—Public offering prices by amendment. **Proceeds**—Net proceeds will be used to retire all unexchanged shares of $6 prior stock and to redeem its outstanding 7% preferred stock. Temporarily postponed.

Associated Spring Corp., Bristol, Conn. (8/5-7)
July 16 filed 119,690 shares ($10 par) common stock. **Underwriters**—Lee, Higginson Corp., New York. **Offering**—To the public. Price by amendment. **Proceeds**—Company will receive proceeds from the sale of 54,690 shares and six selling stockholders will receive proceeds from the sale of 65,000 shares. Company will use its proceeds, together with other funds, to build a $1,918,000 addition to its Bristol plant.

Bates Manufacturing Co., Lewiston, Me.
July 17 filed 45,000 shares ($100 par) cumulative preferred stock. **Underwriters**—Coffin & Burr, Inc., Boston. **Offering**—To be offered initially for subscription to common stockholders at the rate of 0.11494 shares of preferred for each share of common held. Unsubscribed shares will be offered publicly. Price by amendment. **Proceeds**—Net proceeds, with other funds, will be used to pay off $4,600,000 bank loan.

Belden Mfg. Co., Chicago
July 3 (letter of notification) 26,530 shares ($10 par) common stock to be publicly offered at $10 a share. No underwriting. Offering will be made to present share-

holders. **Proceeds**—Proceeds initially go to general funds and may be used to pay part of costs of construction of additions.

Ben-Hur Products, Inc., Los Angeles

July 11 filed $1,000,000 of 5% sinking fund debentures (with detachable common stock warrants attached), due June 1, 1966. **Underwriter**—P. W. Brooks & Co., of New York. **Offering**—To be initially offered in exchange for a like principal amount of 10-year 5% convertible debentures, dated as of Feb. 1, 1941. **Proceeds**—To redeem old debentures and reduce bank loans.

● **Black, Sivalls & Bryson, Inc., Kansas City, Mo. (8/19)**

July 29 filed 20,000 shares of 4.25% cumulative preferred stock, ($100 par) and 100,000 shares ($1 par) common stock. **Underwriters**—F. S. Yantis & Co., Inc., and H. M. Byllesby and Co. **Offering**—Shares are issued and outstanding and were purchased from the company by the underwriters at $96.50 a share for the preferred and $10.70 a share for the common. They will be offered to the public by the underwriters. Price, $100 a share for the preferred and $12.50 a share for the common. **Business** — Manufactures and sells bolted and welded steel tanks, separators, heaters and treaters and wooden tanks for the oil industry.

● **Blum (Philip) & Co., Inc., Chicago (8/14)**

July 26 filed 150,000 shares ($1 par)) common stock. **Underwriters**—F. S. Yantis & Co., Inc., and H. M. Byllesby and Co., Inc. **Price**—$17 a share. **Proceeds**—Payment on bank loans and notes and for working capital. **Business** — Liquor rectifier, importer, wholesaler and jobber.

● **Boulevard Sanatarium Corp., L. I. City, N. Y. (8/7)**

July 31 (letter of notification) $100,000 5% 15-year bonds. Not underwritten. Price, par. **Proceeds**—For purpose of paying cost of altering present building, architect's and engineer's fees, equipment, etc.

● **British Industries Corp., New York (8/8)**

July 26 (letter of notification) 99,000 shares ($1 par) common. **Underwriters**—Strauss Bros. and Stubner & Co., New York. Offering price, $3 a share. **Proceeds**—For additional working capital.

Brooklyn (N. Y.) Union Gas Co.

May 3 filed 70,000 shares of cumulative preferred stock ($100 par). **Underwriters**—To be filed by amendment. **Bids Rejected**—Company July 23 rejected two bids received for the stock. Blyth & Co., Inc., and F. S. Moseley & Co. and associates submitted a bid of 100.06 for a 4.30% dividend. Harriman Ripley & Co. and Mellon Securities Corp. bid 100.779 for a 4.40% dividend.

Brown & Bigelow, St. Paul (9/3-6)

July 19 filed 35,000 shares of 4½% ($100 par) cumulative preferred stock and 427,558 shares ($1 par) common stock. **Underwriters**—Reynolds & Co., New York. **Offering**—Preferred stock will be offered to company's 6% preferred stock on a share for share exchange basis. Shares not issued in exchange will be sold to underwriters for resale to the public. Of the total common, the company is selling 67,500 shares to underwriters for public offering and 55,177 shares are to be offered in exchange for outstanding capital stock of Consolidated Printing Ink Co., Quality Park Box Co., Inc., and John Beissel Co., which will become subsidiaries. In addition, stockholders of the company are selling 304,881 shares to the underwriters for public offering. **Price**—Preferred $103.50 a share; common $26.50 a share. **Proceeds**—Net proceeds to the company will be used to redeem unexchanged shares of 6% preferred at 110% and for increasing general corporate funds.

Butler, Inc., Atlanta, Ga. (8/6)

July 8 filed 30,000 shares of 4½% cumulative preferred stock ($25 par), with stock purchase warrants attached, and 75,000 shares ($1 par) common stock. Company is offering all of the preferred and 25,000 shares of common. The remaining 50,000 shares of common are being sold for the account of D. L. Slann, President; Benjamin A. Pollock, Vice-President, and Bernard Feldman, Secretary and Treasurer. **Underwriters**—R. S. Dickson & Co., Inc.; Courts & Co.; Johnson, Lane, Space & Co., Inc.; Clement A. Evans & Co., Inc., and Rauscher, Pierce & Co. **Offering** — Prices by amendment. **Proceeds** — Proceeds from the sale by the company of 30,000 shares of preferred and 25,000 shares of common will be used to retire the presently outstanding 6% cumulative preferred stock, modernization of existing units, opening of new units and additional working capital.

California Oregon Power Co.

May 24 filed 312,000 shares of common stock (no par). Stock will be sold through competitive bidding. **Underwriters**—Names by amendment. Probable bidders include Blyth & Co., Inc.; The First Boston Corp.; Harriman Ripley & Co. **Offering**—Stock is being sold by Standard Gas and Electric Co., parent, of California. **Bids Rejected**—Standard Gas & Electric Co. rejected June 25 two bids for the purchase of the stock as unsatisfactory. Blyth & Co., Inc., and First Boston Corp. bid of $28.33 a share, and Harriman Ripley & Co. bid of $24.031 a share. Stock will again be put up for sale when market conditions improve.

● **Camfield Mfg. Co., Grand Haven, Mich (8/19)**

July 29 filed 220,000 shares ($1 par) common stock. **Underwriters**—Kobbe, Gearhart & Co., Inc. **Offering**—Of the shares registered, 100,000 are issued and outstanding and will be sold to the underwriters by three stockholders at $4.50 a share for their own account. The remaining 120,000 shares are being offered by the company. Price $4.50 a share. **Proceeds**—Company's share to pay renegotiation refund in amount of $180,000 to the U. S. Government, and for additional working capital. **Business**—Manufacture and sale of formed plywood serving trays and laminated staves and heading for beer kegs.

Candego Mines, Ltd., Montreal, Canada

May 31 filed 500,000 shares of common stock (par $1). **Underwriters**—Sabiston-Hughes, Ltd., Toronto. **Offering**—Shares will be offered to public at 75 cents a share. **Proceeds**—Net proceeds, estimated at $300,000, will be used for mining operations. **Business**—Exploring for ore.

Cardiff Fluorite Mines Ltd., Toronto, Can.

June 3 filed 400,000 shares of common stock ($1 par) (Canadian funds). **Underwriter** — F. R. Marshall and Frank P. Hunt, Rochester, N. Y. (underwriter for sale of stock in United States). **Offering**—Stock will be sold to public at 55 cents a share. **Proceeds**—$40,000 together with $22,000 of treasury funds, for development work. If sufficient ore is found, company will erect a mill at an estimated cost of $150,000; balance working capital.

Carscor Porcupine Gold Mines, Ltd., of Toronto, Ontario

June 24 filed 400,000 shares of common stock. **Underwriter**—Registrant will supply name of an American underwriter by post-effective amendment. **Offering**—To the public at $1 a share in Canadian funds. **Proceeds**—For a variety of purposes in connection with exploration, sinking of shafts, diamond drilling and working capital.

Central Electric & Gas Co., Sioux Falls, S. D.

May 29 filed 35,000 shares of $2 cumulative preferred stock, series A (no par), but with a stated value of $50 a share, and 175,000 shares of common stock (par $1). **Underwriter**—Paine, Webber, Jackson & Curtis, Chicago. **Offering**—The stocks will be offered to the public at prices to be supplied by amendment. **Proceeds**—To pay off $3,000,000 loan from First National Bank Chicago and Harris Trust and Savings Bank, Chicago, balance working capital.

● **Central Louisiana Elec. Co., Inc., Alexandria, La.**

July 24 filed 20,000 shares ($10 par) common stock. **Underwriting**—If underwriting agreement is made, names will be supplied by amendment. **Offering**—The shares will be offered for subscription to common stockholders at the rate of one share for each four held. Unsubscribed shares, to the extent of 1,500 shares, will be offered to company officers, directors and employees. Any remaining shares will be sold to underwriters. Price by amendment. **Proceeds**—For payment of a $200,000 bank loan and for construction purposes. **Business**—Public utility.

Chemical Process Co., San Francisco

July 10 (letter of notification) 250,000 shares ($1 par) capital stock. **Offering**—Stockholders will be offered the right to subscribe for the stock at $1 a share in the ratio of 0.84 of a share for each share held. Unsubscribed shares will be offered publicly at $1.20 a share. **Underwriters**—Stone & Youngberg, San Francisco. **Proceeds**—For construction of new manufacturing plant at Redwood City, and for purchase of equipment and for working capital.

● **Cincinnati (O.) Gas & Electric Co.**

July 25 filed 2,040,000 shares ($8.50 par) common stock. **Underwriters**—To be supplied by amendment. Probable bidders include Blyth & Co., Inc., and Mellon Securities Corp. (jointly); Morgan Stanley & Co., and W. E. Hutton & Co. (jointly). **Offering**—The shares will be offered for subscription to common stockholders at the rate of one share for each six held. Unsubscribed shares will be sold to underwriters. Price by amendment. **Proceeds**—Shares are being sold by Cincinnati's parent, Columbia Gas & Electric Corp., which will receive proceeds. Columbia is selling the stock as part of an integration program to comply with the Public Utility Holding Company Act. **Business**—Public utility.

Clinton Industries, Inc., St. Louis

June 19 filed 60,000 shares of capital stock (par $1). **Underwriters**—No underwriters. **Offering**—The shares will be offered to executives and key employees of company upon the exercise of options for purchase of such stock. **Price**—Options already issued provide for the purchase of the capital stock at $16.66⅔ a share. **Proceeds**—To be added to general funds.

● **Coan Manufacturing Co., Madison, Wis.**

July 29 (letter of notification) 1,000 shares of 5% cumulative ($100 par) preferred. No underwriters. Offering price, $100 a share. **Proceeds**—To retire $50,000 par value of outstanding preferred and for working capital.

Columbia Aircraft Products Inc., Somerville, N. J.

June 26 filed 150,000 shares ($4 par) 30c cumulative convertible preferred stock, convertible into common stock in the ratio initially of 1½ shares of common for each share of preferred. **Underwriters**—Floyd D. Cerf Co., Inc., Chicago. **Offering** — Company initially will offer 59,585⅓ shares for subscription to present common stockholders at $4.50 a share in the ratio of one share of preferred for each share of common held. The offering to common stockholders excludes the two principal stockholders who have waived their rights to subscribe. The remaining 90,414⅔ shares and any shares not subscribed to by common stockholders will be offered to the public through underwriters. **Price**—$5 a share. **Proceeds**—Approximately $55,000 for payment of Federal taxes; $250,000 for payment of a loan; $50,000 as a loan to Palmer Brothers Engines Inc., a subsidiary, balance working capital.

Commonwealth Aviation Corp., New York

June 28, 1946 filed 150,000 shares ($10 par) 4½% cumulative convertible preferred stock and 300,000 shares ($1 par) common stock. **Underwriters**—To be supplied by amendment. **Price**—$12 a share of preferred and $7 a share of common. **Proceeds**—Estimated net proceeds of $3,420,000 will be used for working capital.

● **Consolidated Air Transit, Inc., East Orange, N. J. (8/5)**

July 29 (letter of notification) $100,000 7% cumulative (non-convertible) preferred stock and $100,000 class B common stock. No underwriter at present, but one expected. Price, $50 for preferred and $3 for common. **Proceeds**—For purchase of equipment and for operating capital.

Container Corp. of America, Chicago (8/8)

June 12 filed 141,496 shares ($20 par) capital stock. **Underwriters**—Kidder, Peabody & Co. **Offering**—Shares are offered for subscription to present capital stockholders of record July 23 at rate of one share of new stock for each six shares held at $42 per share. Rights expire Aug. 7. Unsubscribed to public through underwriter at $42 per share or at market under certain conditions. **Proceeds**—Payment of portion of the costs of construction and improvement program.

Continental Motors Corp., Muskegon, Mich.

July 8 filed 250,000 shares 4¼% cumulative convertible preferred stock, Series A ($50 par). **Underwriters**—Van Alstyne, Noel & Co. **Offering**—Price by amendment. **Proceeds**—For rearrangement and expansion of the company's manufacturing plants, acquisition of additional tools and facilities, and for additional working capital requirements.

Cooper Tire & Rubber Co., Findlay, O.

July 17 filed 60,000 shares ($25 par) 4½% cumulative convertible preferred. **Underwriters**—Otis & Co. and Prescott & Co., Inc. **Offering**—To the public. **Price**—$25 a share. **Proceeds**—Estimated net proceeds of $1,356,200 will be used to redeem its outstanding 4% debentures, due 1967, to pay certain debts and for additional equipment, manufacturing space and working capital.

● **Custer Copper Corp., Boise, Idaho**

July 22 (letter of notification) 285,000 common shares ($1 par), and 59,000 warrants, latter to be purchased for investment only and not resale. No underwriters. **Offer-**

(Continued on page 652)

(Continued from page 651)

ing—Price $1 a share. Proceeds—For expansion of mill, underground development, property payments and working capital.

Cyprus Mines, Ltd., Montreal, Canada
May 31 filed 500,000 shares of common stock (par $1). Underwriters—Sabiston-Hughes, Ltd., Toronto. Offering—Shares will be offered to the public at 75 cents a share. Proceeds—Net proceeds, estimated at $300,000, will be used for mining operations. Business — Exploring for ore.

● Danly Machine Specialties, Inc., Cicero, Ill. (8/14)
July 26 filed 60,000 shares ($25 par) 5% cumulative preferred stock, with warrants attached for purchase of 60,000 common shares, and 130,000 shares of common stock (par $2). Underwriters—Paul H. Davis & Co., and Shillinglaw, Bolger & Co., Chicago. Offering—Of the total common 60,000 shares are reserved for issuance upon exercise of warrants. Price by amendment. Proceeds—Company will receive proceeds from the sale of the preferred shares and from the sale of 30,000 shares of the common. Stockholders will receive proceeds from the sale of 40,000 shares of common. Company will use its proceeds, together with a $1,000,000 bank loan, to purchase machinery, buildings and equipment and to retire bank indebtedness. Business—Manufacture of die sets and die makers' supplies and mechanical stamping presses.

Davis Mfg., Inc., Wichita, Kans.
July 12 (letter of notification) 26,600 shares of $1 par common stock. Offering—Price $11.25 a share. Underwriter—Nelson Douglass & Co., Los Angeles. Proceeds—To pay off loan and to provide funds for costs of additional manufacturing space, machinery and equipment and for working capital.

Derby Gas & Electric Corp., New York
June 19 filed 20,066 shares (no par) common stock. Underwriters—No underwriters were named and there was no indication that there would be any. Offering—The shares will be offered for subscription to present common stockholders at the rate of one share for each 10 shares held. Price by amendment. Proceeds—Proceeds, together with other funds, will be applied as loans to the company's three Connecticut subsidiaries: Derby Gas & Electric Co.; Wallingford Gas Light Co., and the Danbury and Bethel Gas and Electric Light Co.

Derby Oil Co., Wichita, Kans. (8/8)
July 19 filed 131,517.3 shares ($8 par) common stock. Underwriting—H. M. Byllesby and Co., Inc., Chicago, and Nelson Douglass & Co., Los Angeles. Price by amendment. Proceeds—Part of the estimated net proceeds will be used to pay a bank loan. The remainder, with other funds, will be used to expand a drilling and exploration program.

Diamond T Motor Car Co., Chicago, Ill.
March 29 filed 60,000 shares of common stock (par $2). Shares are being sold by certain stockholders. Underwriters—Hallgarten & Co. Offering—Price based on market. For details see issue of April 4.

● Dictaphone Corp., New York (8/13)
July 25 filed 65,347 shares (no par) common stock. Underwriter—Merrill Lynch, Pierce, Fenner & Beane, New York. Offering—Stock will be offered at rate of one-half share for each share held. Unsubscribed shares will be sold to underwriters. Price by amendment. Proceeds—To be added to general funds. Business—Production of electronic and acoustic dictating machines and accessories and electronic recording machines.

● Drug Products Co., Inc., New York
July 25 (letter of notification) 50,000 shares ($1 par) common. The shares are to be delivered to Benjamin Hinerfeld, Passaic, N. J., and Isidor Josephson, Nutley, N. J., as part payment of purchase price of all issued and outstanding common stock of Purity Drug Co., Inc., of Passaic, purchased by the company. Shares are valued at $3 a share. If stock is publicly offered, supplemental letter of notification will be filed.

● Dyke Bros., Fort Smith, Ark.
July 22 (letter of notification) $290,000 4% sinking fund debentures, due 1956. Offering price, $1,000 a unit. Underwriters—Edward D. Jones & Co. and Metropolitan St. Louis Co., both of St. Louis. Proceeds—For additional working capital.

● Eastern Electronics Corp., New Haven, Conn.
July 26 (letter of notification) 10,000 shares of Class B capital stock. No underwriters. Offering price $10 a share. Proceeds to repay outstanding loans and purchase new equipment.

● Eastern Gas & Water Co., Philadelphia (8/1)
July 23 (letter of notification) $254,000 of secured 4% bonds, due 1976. Offering price, $1,000 a unit. Underwriter—Bioren & Co., Philadelphia. Proceeds—For acquisition of properties.

Economics Laboratory, Inc., St. Paul, Minn.
July 17 (letter of notification) 10,000 shares of $20 par 4½% cumulative preferred stock. Offering—Price $20 a share. Underwriting, Kalman & Co., Inc., St. Paul. For working capital.

● Edison (Thomas A.) Inc., West Orange, N. J. (8/19)
July 29 filed 100,000 shares of Class B common stock, non-voting (par $3.33⅓) all of which are issued and outstanding. Underwriters—Riter & Co. Offering—Shares offered are part of the holdings of Mrs. Mina M. Edison, Charles Edison and Theodore M. Edison. Price, by amendment. Business—Manufacture and sale of electrical instruments.

Electric Auto-Lite Co., Toledo, Ohio (8/5)
June 26, filed 298,971 shares ($5 par) common stock. Underwriters—Lehman Bros., and Smith, Barney & Co. Offering—Shares are offered for subscription to common stockholders of record July 16 at the rate of one share for each four shares held at $55.50 per share. Rights expire Aug. 2. Proceeds—Company will use $10,000,000 of net proceeds toward the payment of its current bank loan with Central Hanover Bank & Trust Co. and other banks. The remainder will be used to replenish working capital.

● Electronic Laboratories, Inc., Indianapolis, Ind. (8/19)
July 29 filed 140,000 shares ($1 par) common stock, of which 40,000 shares are being sold by two stockholders. Underwriters — By amendment. Price by amendment. Proceeds—From sale of company's 100,000 shares for purchase of inventory, payrolls, and working capital. Business—Manufactures heavy duty vibrators and power supplies.

Engineers Waterworks Corp., Harrisburg, Pa.
June 24 (letter of notification) $275,000 4% debentures due 1971. Underwriters—C. C. Collings & Co., and Stroud & Co., Inc., Philadelphia. Price, $101. Proceeds for purchase of additional water properties or their securities and for other corporate purposes.

Family Finance Corp., of Wilmington, Del. (8/1-2)
July 8 filed 90,000 shares of 4½% cumulative preference stock, Series A, (par $50)—convertible to and including Aug. 1, 1956, and 25,000 shares ($1 par) common stock. Underwriters—E. H. Rollins & Sons, Inc. Offering—Holders of the company's outstanding $1.50 cumulative preferred stock, Series B, (no par), are offered the opportunity to exchange such shares for 56,017 shares of the 4½% preferred. Unexchanged old shares will be called for redemption on Oct. 1. Offering—Prices by amendment. Proceeds—To retire the presently outstanding 87,035½ shares of $1.50 cumulative preferred stock, Series A, and 25,000 shares of the same stock, Series B, at $26.50 and $27.50 a share, respectively. The balance will be added to general funds.

Fashion Frocks, Inc. (8/12)
July 24 filed 200,000 shares ($1 par) common stock. Underwriter—Van Alstyne, Noel & Co. Offering—Offering does not constitute new financing but is a sale of currently outstanding shares owned by members of the Meyers family, owner of all outstanding stock. After giving effect to the sale and assuming exercise of certain warrants and an option, the Meyers family will retain ownership of approximately 58% of the common stock.

● Fidelity Credit Co., Inc., Aberdeen, Md.
July 25 (letter of notification) 1,000 shares ($100 par) preferred stock. No underwriters. Offering price $100 a share. Proceeds for working capital.

Films Inc., New York (8/13-16)
June 25, filed 100,000 shares ($5 par) class A stock and 100,000 shares (10 cent par) common stock. Each share of class A stock is initially convertible into 2 shares of common stock. Underwriters—Herrick, Waddell & Co., Inc., New York. Offering—To be offered publicly. At $8.10 a unit consisting of one share of class A stock and one share of common stock. Proceeds—$201,000 for retirement of 2,010 shares ($100 par) preferred stock at $100 a share; remaining proceeds, together with other funds, will be used for production of educational films.

● Finch Telecommunication, Inc., New York
July 24 (letter of notification) 2,000 shares ($1 par) capital stock for benefit of William G. H. Finch. Underwriter—Littlefield & Co., Providence, R. I. Offering—Price at market, estimated at $13 a share. Proceeds—To seller.

● Flint Frozen Food, Inc., Asbury Park (8/2)
July 26 (letter of notification) 2,700 shares of 6% preferred stock ($100 par), 2,700 shares ($1 par) common and 2,700 non-transferable warrants. No underwriters. Offered in units of one share of preferred and one share of common at $110 a unit. Proceeds—To working capital.

Flying Freight Inc., New York
May 6 filed 300,000 shares common stock (par $1). Underwriters—J. F. Reilly & Co., Inc., and Courts & Co. Offering—Price to public $3.50 per share. Proceeds—Proceeds will be used for the purchase of six land planes, ten flying boats, reconditioning of flying boats and working capital. Business—Company was incorporated on March 9, 1946, to operate as a charter air carrier.

● Foreman Fabrics Corp., New York (8/19)
July 29 filed 110,00 shares ($1 par) common stock, all outstanding. Underwriters—Cohu & Torrey. Price by amendment. Business—Textile converting.

Forest City Mfg. Co., St. Louis (8/29)
June 17, filed 280,000 shares ($1 par) common stock. Underwriters—Peltason, Tenenbaum Co., St. Louis. Offering—Shares will be offered publicly at $11.25 a share. Proceeds—Net proceeds go to the selling stockholders.

Frontier Refining Co., Denver, Colo. (8/8)
June 27 filed $100,000 of 4½% first mortgage bonds, due 1951; 3,500 shares ($100 par) 5% cumulative preferred stock and 15,000 shares ($1 par) common. Underwriters—Peters, Writer & Christensen, Inc., and Sidlo, Simons, Roberts & Co., Denver. Offering—The bonds and preferred stock will be offered to the public, but the common stock initially will be offered for subscription to present stockholders at $11 a share at the rate of 12 shares for each 100 shares held. Unsubscribed shares of common will be offered publicly. Price—The bonds will be sold at $101; preferred at $100 a share, and unsubscribed shares of common at $11 a share. Proceeds—Working capital.

● Frosh Shoe Co., Inc., New York (8/5)
July 29 (letter of notification) $300,000 12-year 3% debentures, due July 1, 1958. Not underwritten. Price, par. Proceeds—Proceeds will be added to general funds.

● General Bronze Corp., L. I. City, N. Y. (8/14)
July 26 filed 115,000 shares of cumulative convertible preferred stock ($25 par). Underwriters—W. C. Langley & Co. and Aronson, Hall & Co. Price by amendment. Proceeds—To pay cost of acquisition, construction and equipment of new plant, and for working capital.

Gentry, Incorporated, Los Angeles
July 15 filed 210,000 shares ($1 par) capital stock. Underwriter—Lester & Co., Los Angeles. Offering—Of the total, the company is selling 120,000 shares to the underwriters and George E. Clausen, President, is selling 90,000 shares of which 60,000 will be sold to underwriters and 30,000 to employees of the company. Price—Public offering price $6 a share and price to employees will be $4.25 a share. Proceeds—Estimated net proceeds of $600,000 will be used by the company to construct a new plant at Oxnard, Calif., to purchase equipment and to pay off notes.

● Glen Industries Inc., Milwaukee, Wis. (8/19)
July 31 filed 50,000 shares of $1.25 cumulative convertible preferred stock series A ($20 par) and 150,000 shares (10c par) common, all issued and outstanding and being sold by eight selling stockholders. Underwriters—Van Alstyne Noel & Co. Price by amendment. Proceeds—To selling stockholders. Business—Manufacturers of junior miss wearing apparel.

● Grand River Airpark Corp., Grand Rapids, Mich.
July 26 (letter of notification) 188,000 shares of common stock. No underwriters. Offering price $1 a share. Proceeds to be used to provide an airport, sea plane base, hangars and machinery and equipment for operating public airport north of Grand Rapids.

Graupner (Robert H.), Inc., Harrisburg, Pa.
July 8 filed $350,000 4¾% sinking fund debentures, 33,000 shares 6% cumulative preferred stocks ($10 par) and $68,000 shares (50c par) common stock. Underwriters—E. H. Rollins & Sons, Inc., and Stroud & Co., Inc. Offering Price—Debentures $1,000 per unit. The preferred and common will be publicly sold in units consisting of 1 share of preferred and 1½ shares of common at $12 per unit. Proceeds—To pay the balance of principal and accrued interest on the $673,000 note held by Fidelity-Philadelphia Trust Co., and fees and expenses connected with the issue.

Greens Ready Built Homes Inc., Rockford, Ill. (8/15-30)
July 2 filed 350,000 shares ($1 par) common stock. Underwriters—R. H. Johnson & Co., New York, and Shillinglaw, Bolger & Co., Chicago. Offering—Price, $3.50 a share. Proceeds—Net proceeds will be used partly for working capital and to pay for production equipment now being acquired by the company.

● Grolier Society, Inc., New York (8/19)
July 29 filed 18,500 shares at $4.25 cumulative preferred stock ($100 par), with non-detachable common stock purchase warrants entitling registered holders of shares of the $4.25 preferred to purchase at any time 64,750 shares of common stock at $16 a share at the ratio of 3½ common shares for each preferred share held; and 120,000 shares of $1 par common stock. Underwriters—H. M. Byllesby and Co., Inc. Offering—Underwriters to purchase from the company 18,500 shares of preferred and 20,000 shares of common; and from Fred P. Murphy and J. C. Graham, Jr., 100,000 shares of issued and outstanding common. Prices, preferred $100 a share; common $14 a share. Proceeds—To retire $6 cumulative preferred, pay notes, discharge a loan. Business—Publication and sale of reference and other books.

Gubby Mines, Ltd., Montreal, Canada
May 31 filed 500,000 shares of common stock (par $1). Underwriters—Sabiston-Hughes, Ltd., Toronto. Offering—Shares will be offered to public at 75 cents a share. Proceeds—Net proceeds, estimated at $300,000, will be used for mining operations. Business—Exploring for ore.

Gulf Atlantic Transport'n Co., Jacksonville, Fla.
Jan. 17 filed 270,000 shares of common stock (par $1). Underwriters—Blair & Co. Offering—Stock is being offered to present shareholders at $3 per share. Holders of approximately 200,000 shares have agreed to waive their preemptive rights.

● **Hansy Copper & Gold Mines, Inc., Avery, Idaho**
July 23 (letter of notification) 240,000 shares of common capital stock to be sold for the benefit of the issuer. No underwriter. Offering price 10 cents a share. Proceeds to develop mining property, and purchase machinery and equipment.

Harbor Plywood Corp. of Hoquiam, Wash.
June 27 filed 131,235 shares of common stock (no par). **Underwriters**—First California Co. and 12 associates. **Offering**—Metropolitan Industries Co. owns 106,234½ of the shares which are issued and outstanding, and will receive entire proceeds from their sale. The remaining 25,000½ shares are authorized but unissued and are being sold by the company. Price by amendment. **Proceeds**—To be added to working capital.

Hartfield Stores, Inc., Los Angeles
June 27 filed 100,000 shares ($1 par) common stock. **Underwriters**—Van Alstyne, Noel & Co., New York, and Johnston, Lemon & Co., Washington, D. C. **Offering**—To be offered to the public at $8 a share. **Proceeds**—Company is selling 60,000 shares and stockholders are selling 40,000 shares. The company will use its proceeds to pay the costs of opening additional stores and to expand merchandise in its existing stores.

● **Haskelite Manufacturing Corp., Grand Rapids, Mich. (8/14)**
July 26 filed $1,400,000 15-year 4½% sinking fund debentures due 1961, and warrants with each debenture for purchase of a maximum of 30 shares of $5 par common. **Underwriters**—Brailsford & Co., Chicago. Offering price, 100. **Proceeds**—Of the $1,285,562 estimated net proceeds, company will use $750,000 to purchase preferred stock of Humboldt Plywood Corp., an Oregon corporation, and $75,000 to buy equipment. Any balance will be added to working capital. **Business**—Production of plywood and other laminated products for railroad passenger car equipment, aircraft, trucks, buses, etc.

● **Hayden Hill Consolidated Mining Co.**
July 22 (letter of notification) 400,000 shares of capital stock. **Underwriter**—Waldorf Theadore Anderson. **Offering**—Price 21½c. **Proceeds**—To the five selling stockholders viz: Waldorf Theadore Anderson; Butte & Couer D'Alene Development Co.; Cecil Oliver Dunlop; Elmer Edward Johnston; Hunter Creek Mining Co., Spokane, Wash.

Hayes Manufacturing Corp., Gr. Rapids, Mich.
Feb. 27 filed 215,000 shares of common stock ($2 par). Shares are being sold by certain stockholders. Stock acquired by selling stockholders in exchange for 432,000 shares common stock (par $3) of American Engineering Co. **Underwriters**—To be named by amendment. **Offering**—Price to public by amendment. Stop order hearing by SEC. For details see issue of March 7.

Heller (Walter E.) & Co., Chicago
July 12 filed 80,000 shares of ($2 par) common and 10,000 shares ($100 par) 4% cumulative preferred. **Underwriter**—F. Eberstadt & Co., Inc., New York. Price by amendment. **Proceeds**—Company will receive proceeds from 70,000 shares of common and the 10,000 shares of preferred. Two stockholders will receive proceeds from 10,000 shares of common. Company will use its proceeds for general working funds.

● **Herd Theatrical Corp., New York (8/2)**
July 26 (letter of notification) 2,500 shares of class A (par 10c) and 2,500 shares of class B stock (par 10c) and 2,400 shares of 3% cumulative preferred stock ($100 par). No underwriting. Offering prices, 10c a share for both class A and class B and $100 a share for preferred. **Proceeds**—For working capital.

Holt (Henry) & Co., Inc., New York
June 28, 1946 filed 20,000 shares of 4½% ($25 par) cumulative convertible preferred stock and 33,884 shares ($1 par) common stock. **Undrewriters**—Otis & Co., Cleveland, Ohio. **Offering**—Company is selling the preferred shares and stockholders are selling the common shares. **Price**—$25 a share of preferred. Price for the common by amendment. **Proceeds**—Net proceeds will be added to general funds.

Hudson Pulp & Paper Corp., New York (8/12)
July 23 filed $3,000,000 of sinking fund debentures due 1966. **Underwriters**—Lee Higginson Corp., New York. Price by amendment. **Proceeds**—Net proceeds with other funds will be used to finance construction of a mill near Palatka, Fla.

Illinois Power Co., Decatur, Ill.
June 17, filed 200,000 shares ($50 par) cumulative preferred stock and 966,870 shares (no par) common stock. **Underwriters**—By competitive bidding. Probable bidders include Blyth & Co., Inc. and Mellon Securities Corp. (jointly) and Morgan Stanley & Co. and W. E. Hutton & Co. (jointly). **Proceeds**—Net proceeds from the sale of preferred will be used to reimburse the company's treasury for construction expenditures. Net proceeds from the sale of common will be applied for redemption of 5% cumulative convertible preferred stock not converted into common prior to the redemption date. The balance will be added to treasury funds.

Industrial Brownhoist Corp., Bay City, Mich.
June 28, filed 309,716 shares ($1 par) common stock. **Underwriters** — Gottron, Russell & Co., Cleveland, and Goshia & Co., Toledo. **Offering**—Of the total, 137,515 shares will be offered to the public and 172,201 shares will be offered for exchange to first preferred stockholders on a share for share basis. Unsubscribed shares will be offered to the public. Price by amendment. **Proceeds**—Refunding.

New Issue Calendar

(Showing probable date of offering)

August 1, 1946
Eastern Gas & Water Co. — Bonds
Family Finance Corp. — Preference and Common
Michigan Steel Casting Co. — Common

August 2, 1946
Flint Frozen Food, Inc. — Preference and Common
Herd Theatrical Corp. — Cl. A, Cl. B and Preference
Northern States Power Co. — Preferred
United States Spring & Bumper Co. — Pref. & Com.

August 5, 1946
Associated Spring Corp. — Common
Consolidated Air Transit, Inc. — Pref. & Common
Electric Auto-Lite Co. — Common
Frosh Shoe Co. Inc. — Debentures
Kungsholm Baking Co., Inc. — Common
Neville Island Glass Co., Inc. — Cl. A and Common
Newmarket Manufacturing Co. — Common
Oberman & Co. — Preferred and Common
Payne Cutlery Corp. — Common
Trane Co. — Common

August 6, 1946
Butler, Inc. — Preferred and Common
Kellogg (Charles C.) & Sons Co. — Bonds
Street & Smith Publications, Inc. — Common

August 7, 1946
Boulevard Sanatarium Corp. — Bonds
National Cellulose Corp. — Common

August 8, 1946
American Woolen Co. — Preferred
British Industries Corp. — Common
Container Corp. of America — Capital Stock
Derby Oil Co. — Common
Frontier Refining Co. — Bonds, Pref. and Common
National Alfalfa Dehydrating & Milling Co. — Preference and Common

August 12, 1946
Fashion Frocks, Inc. — Common
Hudson Pulp & Paper Corp. — Debentures
Jensen Manufacturing Co. — Common
Lime Cola Co., Inc. — Common
Morrison-Knudsen Co., Inc. — Pref. and Common
Nugent's National Stores, Inc. — Common
O'Okiep Copper Mining Co. Ltd. — American Shares
Orange-Crush de Cuba — Common
Pep Boys—Manny, Moe & Jack — Common
Reporter Publications, Inc. — Common
Riverside & Dan River Cotton Mills — Preferred
San-Nap-Pak Mfg. Co., Inc. — Common
Velvet Freeze, Inc. — Capital Stock

August 13, 1946
Acme Electric Corp. — Common
Chesapeake & Ohio Ry., 12 noon (EST) — Equip. Trust Ctfs.
Dictaphone Corp. — Common
Films Inc. — Cl. A and Common
Pebble Springs Distilling Co. — Common
Seismograph Service Corp. — Common
Sun Ray Drug Co. — Debentures

August 14, 1946
Abbott Laboratories — Common
Airline Foods Corp. — Debentures and Preferred
Allis-Chalmers Mfg. Co. — Debentures and Preferred
American Overseas Airlines, Inc. — Capital Stock
Danly Machine Specialties Inc. — Pref. & Common
General Bronze Corp. — Preferred
Haskelite Manufacturing Corp. — Debentures
Plum (Philip) & Co., Inc. — Common
Schuster (Ed) & Co., Inc. — Common
United States Plywood Corp. — Preferred

August 15, 1946
Greens Ready Built Homes, Inc. — Common

August 17, 1946
American Home Products Corp. — Capital Stock

August 19, 1946
Black, Sivalls & Bryson Inc. — Pfd. and Com.
Canfield Mfg. Co. — Common
Edison (Thomas A.) Inc. — Class B Common
Electronic Laboratories, Inc. — Common
Forman Fabrics Corp. — Common
Glen Industries, Inc. — Pfd. and Com.
Grolier Society, Inc. — Pfd. and Com.
Metal Forming Corp. — Common
Republic Pictures Corp. — Pfd. and Com.
Rowe Corp. — Common

August 20, 1946
Air Express International Agency Inc. — Common

August 29, 1946
Forest City Mfg. Co. — Common

September 3, 1946
Brown & Bigelow — Pfd. and Com.

September 19, 1946
American Locomotive Co. — Preferred

Jensen Manufacturing Co., Chicago, Ill. (8/12)
July 24 filed 148,176 shares ($1 par) common stock. **Underwriter**—Doyle, O'Connor & Co., Chicago. **Price**, $8.87½ a share. **Proceeds**—Shares are being sold by two stockholders who will receive net proceeds.

● **Kellogg (Charles C.) & Sons Co., Utica, N. Y. (8/6)**
July 31 (letter of notification) $150,000 15-year sinking fund first mortgage bonds. **Underwriter**—Mohawk Valley Investing Co., Inc., Utica, N. Y. Price to public, par. **Proceeds**—To retire $137,000 10-year sinking fund first and refunding mortgage bonds of 1947 and $26,400 first mortgage on plant.

Kungsholm Baking Co., Inc., Chicago (8/5-9)
June 27 filed 100,000 shares ($1 par) common stock. **Underwriter**—Ames, Emerich & Co., Chicago. **Offering**—To public at $9 a share. **Proceeds**—Acquisition, etc.

Lime Cola Co., Inc., Montgomery, Ala. (8/12-16)
June 28, 1946 filed 225,000 shares (10 cent par) common stock. **Underwriters**—Newburger and Hano, Philadelphia, and Kobbe Gearhart & Co., Inc., New York. **Price**—$5.50 a share. **Proceeds**—Working capital.

Liquid Conditioning Corp. of New York
July 3 filed 70,600 shares ($10 par) class A common stock. **Underwriters**—No underwriting. **Offering**—Price, $10 a share. **Proceeds**—Proceeds will be used to pay for its temporary quarters in New York, for furniture and fixtures, equipment and other corporate purposes.

Livingston Mines, Inc., of Seattle
July 3 (letter of notification) 250,000 shares of non-assessable common stock (par 5 cents) to be offered to the public at 20 cents a share. **Underwriters**—Lobe and Moore, Inc., and Alfred Lind, both of Seattle. **Proceeds**—For mine acquisition and development.

Luscombe Airplane Corp., Dallas, Texas
July 5 (letter of notification) 5,000 shares of common stock offered by and for the benefit of Leopold H. P. Klotz, President. Offering price estimated at $3.25 a share. Shares will be offered to following New York houses and sold to highest bidder: Merrill Lynch, Pierce, Fenner & Beane; L. D. Sherman and Co.; Green & Co.; Batkin, Jacobs & Co.; Troster, Currie & Summers; and Edward A. Purcell & Co. **Proceeds**—To selling stockholder.

● **Mackworth G. Rees, Inc., Detroit**
July 22 (letter of notification) 20,000 shares ($1 par) common on behalf of the company and 20,000 shares ($1 par) common on behalf of Mackworth G. Rees, President of the firm. Offering price, $2.50 a share. **Underwriter**—Charles A. Parcells & Co., Detroit. **Proceeds**—Proceeds to the company will be used for working capital.

Mada Yellowknife Gold Mines, Ltd., Toronto
June 7 filed 250,000 shares of capital stock (par 40c). **Underwriters** — Names to be supplied by amendment. **Offering**—Stock will be offered publicly in the U. S. at 40c a share (Canadian money). **Proceeds**—Proceeds, estimated at $75,000, will be used in operation of the company. **Business**—Exploring and developing gold mining properties.

Maine Public Service Co., Preque Isle, Me.
June 25 filed 150,000 shares ($10 par) capital stock. **Underwriters**—To be determined through competitive bidding. Probable bidders include The First Boston Corp.; Kidder, Peabody & Co., and Blyth & Co., Inc. (jointly); Harriman Ripley & Co. **Proceeds**—The shares are being sold by Consolidated Electric and Gas Co., parent of Maine Public Service, in compliance with geographic integration provisions of the Public Utility Holding Company Act.

Mathews Conveyor Co. of Ellwood City, Pa.
July 10 filed 40,000 shares ($1 par) common stock. **Underwriter**—Singer, Deane & Scribner. **Offering**—30,000 are authorized but unissued shares and will be sold for company's account; balance of 10,000 shares are being sold by certain stockholders who will receive the entire proceeds. Price by amendment. **Proceeds**—Company will use the proceeds from the sale of its 30,000 shares for increasing plant capacity.

● **Metal Forming Corp., Elkhart, Ind. (8/19)**
July 29 filed 60,000 shares ($1 par) common stock. **Underwriter**—First Colony Corp. **Offering**—For the bene-

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fit of 11 selling stockholders. Price, $7.50 a share. **Business**—Manufacturers of welded tubing and light metal mouldings.

Michigan Gas & Elec. Co., Ashland, Wis.
June 24 filed $3,500,000 of series A first mortgage bonds, due 1976; 14,000 shares ($100 par) cumulative preferred stock and 120,000 shares ($10 par) common stock. **Underwriters**—To be determined by competitive bidding. Probable bidders include Blyth & Co., Inc.; Kidder, Peabody & Co.; The First Boston Corp.; Harris, Hall & Co. (Inc.); Merrill Lynch, Pierce, Fenner & Beane, and Ira Haupt & Co. **Offering**—New preferred will be offered on a share for share exchange basis to holders of its outstanding 7% prior lien, $6 no-par prior lien, 6% preferred and $6 (no par) preferred. Of the common stock being registered, company is selling 40,000 shares, Middle West is selling 57,226 shares and Halsey, Stuart & Co. Inc., New York, is selling 22,774 shares. **Proceeds**—Michigan will use net proceeds from bonds to redeem $3,500,000 3¾% series A first mortgage bonds, due 1972, at 106.75 and interest. Net proceeds from sale of common and from shares of new preferred not issued in exchange will be used to redeem $375,000 3½% serial debentures, due 1951, at 101.2 and interest. It also will redeem at 105 and accrued dividends all unexchanged shares of prior lien and preferred stocks.

Michigan Public Service Co., Traverse City, Mich.
July 16 (letter of notification) 15,000 additional shares of common. **Offering**—Price $20 a share. No underwriting. For construction of generating facilities and for reimbursement of treasury funds.

Michigan Steel Casting Co., Detroit (8/1-6)
June 27 filed 100,000 shares ($1 par) common stock. **Underwriters**—Cray, McFawn & Co., Detroit. **Offering**—To be offered publicly at $8.25 a share. **Proceeds**—Purchase additional facilities, expansion, etc.

• **Mid-Valley Distilling Corp., Archbald, Pa.**
July 24 (letter of notification) 50,000 shares ($1 par) common and 25,000 shares ($1 par)) common for Distillers Factors Corp. **Underwriter**—E. F. Gillespie & Co., New York. **Price**—$4 a share. **Prooceeds**—Additional equipment, construction of additional warehouse facilities and other corporate purposes.

Midwest Packaging Materials Co., St. Louis
July 12 filed 15,000 shares ($10 par) 5% cumulative, convertible preferred stock and 85,000 shares ($1 par) common stock. **Underwriter**—Edward D. Jones & Co., St. Louis. **Offering**—The 15,000 shares of preferred and 30,000 shares of common will be offered publicly, and the remaining shares of common are reserved for purchase under assignable warrants exercisable until Aug. 1, 1951. **Price**—Public offering price preferred $10 per share; common $5 per share. **Proceeds**—Net proceeds will be used to purchase all outstanding common stock of Midwest Wax Paper Co. and to increase general funds.

Modern Development Co., New York
July 8 (letter of notification) 1,500 shares cumulative convertible preferred stock (par $100); 150,000 shares class A non-voting common stock (par 1 cent) and 30,000 shares of class B voting common stock (par 1 cent). **Underwriters**—Robert H. Malcolm, Earl M. Turner and Frederick M. Harris, all of New York. **Offering**—To be offered in units of one share of preferred, 100 shares class A common and 20 shares of class B common at $101.20 per unit. **Proceeds**—Proceeds will be used to acquire leases and options upon mining properties of proven worth in California, Arizona and Nevada.

Montgomery Construction Co., Hatboro, Pa.
July 5 (letter of notification) 100,000 shares of class A stock (par $1). Securities will be offered through registered brokers and dealers in States of Delaware, Pennsylvania, New Jersey and New York. Price, $3 per share. **Proceeds**—For construction equipment, building materials and labor, purchase of additional ground and working capital.

Montgomery Ward & Co., Inc., Chicago
June 24, filed 1,304,286 shares (no par) common stock. **Underwriters**—No underwriters. **Offering** — The stock is offered for subscription to common stockholders of record on July 18, at the rate of one share for each four shares held. Rights expire Aug. 13. **Price**—$50 a share **Proceeds**—Net proceeds, estimated at $64,876,228, will be added to the company's general resources.

Morrison-Knudsen Co., Inc., Boise, Ida. (8/12)
July 22 filed 249,550 shares ($10 par) common and 70,000 shares of ($50 par) 4½% cumulative convertible preferred. **Underwriter** — Blyth & Co., Inc., New York, Price by amendment. **Proceeds**—Selling stockholders are offering 149,550 shares of the common and will receive proceeds from these shares. The company's proceeds, together with funds to be provided from the sale of $2,000,000 of 3½% debentures, due 1961, will be used to retire its certificates of indebtedness, outstanding preferred stock and a portion of its bank loans. It also will use the funds for investment in preferred stocks of subsidiaries.

Mountain States Power Co., Albany, Ore.
June 6 filed 140,614 shares of common stock (no par). **Underwriters**—To be determined by competitive bidding. Probable bidders include Blyth & Co., Inc.; Kuhn, Loeb & Co. and Smith Barney & Co. (jointly); Harriman, Ripley & Co.; The First Boston Corp. **Offering**—Shares, which are owned by Standard Gas & Electric Co. and constitute 56.39% of the company's outstanding common, will be sold at competitive bidding. **Proceeds**—Net proceeds will go to Standard Gas. Postponed indefinitely.

Murphy Chair Co., Owensboro, Ky.
June 21 filed 136,877 shares ($1 par) common stock. **Underwriters**—The Bankers Bond Co., Inc., Louisville, Ky., and Cruttenden & Co., Chicago, heads underwriters. Price, $5.25 a share. **Proceeds**—Of the net proceeds to the company, amounting to $147,711, it will use $65,000 to reimburse its treasury or make further expenditures in the rehabilitation and expansion of a new chair plant formerly used by its now dissolved subsidiary, Murphy Box Co., and for machinery and equipment for the plant. It will apply $35,000 for construction of a warehouse and the remaining proceeds as working capital.

Murphy (G. C.) Co., McKeesport, Pa.
June 13 filed 250,000 shares of common stock (par $1). **Underwriter**—Smith, Barney & Co. Price by amendment. **Proceeds**—Redemption of outstanding 4¾% preferred stock at $109 a share plus dividends. Indefinitely postponed.

National Airlines, Inc., Miami, Fla.
June 28, 1946 filed 150,000 shares ($1 par) common stock. **Underwriters**—Lehman Brothers. **Offering**—Price by amendment. **Proceeds**—Net proceeds, with other funds, will be used to purchase new Douglas DC-6 airplanes. **Business**—Air transportation.

National Alfalfa Dehydrating & Milling Co., Lamar, Colo. (8/8)
June 28 filed 28,960 shares of 4½% cumulative preferred stock ($100 par) and 212,200 shares of common stock ($1 par). **Underwriters**—Stone & Webster Securities Corp., and Bosworth Chanute Loughridge & Co. Price by amendment. **Proceeds**—Shares are outstanding and are being sold by stockholders.

National Cellulose Corp., Syracuse (8/7)
May 31 filed 200,000 shares of common stock (par $1) with warrants to purchase 20,000 shares of common. **Underwriters**—Floyd D. Cerf Co., Inc. **Offering**—Stock will be offered to public at $6 a share. The warrants will be sold on the basis of one warrant for each 10 shares of common purchased. **Proceeds**—Estimated net proceeds of $1,020,000 will be used to pay off $61,000 of loans, to purchase plant and equipment at an estimated cost of $751,620 and the balance as additional working capital.

Nekoosa-Edwards Paper Co., Port Edwards, Wis.
July 16 filed 63,000 shares ($25 par) common stock. **Underwriters**—Loewi & Co., Milwaukee, Wis. **Offering**—Shares initially will be offered for subscription to common stockholders at rate of one new share for each four held. Unsubscribed shares will be offered to the public. Price by amendment. **Proceeds**—Net proceeds will be used to purchase additional inventory equipment and to increase working funds.

• **Nevada Stewart Mining Co., Spokane, Wash.**
July 22 (letter of notification) 50,000 shares of treasury stock for benefit of issuer. No underwriters. **Offering**—Price 25c a share. **Proceeds**—For further development of mining claims.

Neville Island Glass Co., Inc. (8/5-8)
June 3 filed 60,000 shares of class A stock (par $1) and 60,000 shares of common stock (par 10c). **Underwriters**—Amott, Baker & Co., Inc.; Herrick, Waddell & Co., and Buckley Brothers. **Offering**—Stocks will be offered to the public in units of one share of class A and one share of common at $10.10 a unit. **Proceeds**—Net proceeds, together with $700,000 to be realized from the sale of series A and B bonds, will be used for construction of a plant on Neville Island (near Pittsburgh) and for equipment. Any remaining proceeds will go into working capital.

New England Gas and Electric Association, Cambridge, Mass.
July 11 filed $22,500,000 20-year collateral trust sinking fund Series A bonds, and a maximum of 1,568,980 common shares ($5 par). **Underwriters**—By amendment. Bidders may include Halsey, Stuart & Co. Inc. (bonds only), Bear, Stearns & Co. (stock only), First Boston Corp., White, Weld & Co.-Kidder, Peabody & Co. (jointly). **Offering**—Bonds and common stock are being offered in connection with a compromise recapitalization plan approved by the SEC, on June 24, 1946, which among other things provides for the elimination of all outstanding debentures and preferred and common stocks, and for the issuance of $22,500,000 of bonds and 2,300,000 of new common shares. Price by amendment. **Proceeds**—To retire outstanding securities, aggregating $34,998,500. **Bidding**—Expected week of Aug. 5.

Newmarket Manufacturing Co., Lowell, Mass. (8/5-7)
July 8 filed 85,000 shares ($2.50 par) common stock. **Underwriters**—Lee Higginson Corp. **Offering**—Price by amendment. **Proceeds**—Estimated net receipts of $1,165,000 will be applied to the prepayment in full of the company's first mortgage note payable to Commercial Factors Corp., balance will be added to general corporate purposes.

• **North American Van Lines, Inc., Cleveland, O.**
July 26 (letter of notification) registered its no par value comon stock which was sold to 60 stockholders at $100 a share. No public offering contemplated. Company to move its headquarters to South Bend, Ind., and erect a home office building. Present stockholders will take balance of 1,500 unissued shares at $100 a share. This filing merely precautionary.

Northern State Power Co., Minneapolis (8/2)
June 28 filed 275,000 shares of cumulative preferred stock. **Underwriters** — Dillon, Read & Co., Inc. were awarded the issue July 31 on bid of 102.75 per share (less compensation of $2.27 per share) for a $3.60 series. **Offering**—Holders of company's $5 series cumulative preferred stock will be offered the right to exchange their shares for new preferred on a share for share basis plus a cash adjustment. Shares of new preferred not issued in exchange will be sold to underwriters. Exchange offer expires Aug. 12. **Proceeds**—Net proceeds will be used to redeem unexchanged shares of old preferred at $110 a share.

Northwestern Public Service Co., Huron, S. D.
June 28 filed $5,275,000 first mortgage bonds, due 1976; 26,000 shares ($100 par) cumulative preferred stock, and 110,000 shares of $3 par common. **Underwriters**—To be determined by competitive bidding. Probable bidders include Halsey, Stuart & Co. Inc. (bonds); Harriman Ripley & Co., Inc.; Lee Higginson Corp.; A. G. Becker & Co., Inc., and Harris, Hall & Co. (Inc.). **Offering**—Securities will be sold at competitive bidding. **Proceeds**—Refunding.

Nugent's National Stores, Inc., N. Y. (8/12-16)
June 21 filed 85,000 shares ($1 par) common stock. **Underwriters**—Newburger & Hano, and Kobbe, Gearhart & Co., Inc. Price, $6.75 a share. **Proceeds**—Net proceeds to the company, estimated at $350,200, will be applied as follows: About $111,300 for retirement of outstanding preferred stock; $41,649 to purchase 100% of the stock of two affiliates, and balance $197,000 for other corporate purposes.

• **O'Okiep Copper Mining Co. Ltd. of the Union of South Africa (8/12)**
July 25 filed 106,329 American shares representing a similar number of ordinary shares of the par value of 10 shillings, South African currency (U. S. $2.017). **Underwriters**—None. **Offering**—To be offered at $5 a share to stockholders of Newmont Mining Corp. as of record Sept. 5, 1946, on the basis of one ordinary share of O'Okiep for each 10 shares of Newmont held as of record date. Primary purpose of the offering of 106,329 American shares of O'Okiep is to effect such distribution of these shares as may comply with the listing requirements of the New York Curb Exchange as to distribution of shares. O'Okiep has pending an application to list the American shares on the New York Curb Exchange. **Business**—Company organized in 1937 under South African laws at the instance of Newmont Mining Corp., American Metal Co. Ltd., and Rhodesian Anglo-American Ltd., owners, respectively, of 72.03%, 21.60% and 5.47% of its shares. **Business**—Operates copper mines.

Oberman & Co., Jefferson City, Mo. (8/5-6)
June 21 filed 80,000 shares ($10 par) 5% cumulative convertible preferred stock and 75,000 shares ($1 par) common stock. **Underwriters**—Herrick, Waddell & Co., Inc., New York, principal underwriter. **Offering**—To be offered publicly. Price, $10 a share for preferred and $6 a share for common. **Proceeds**—Of the $1,055,000 estimated net proceeds, the company will use approximately $189,000 to retire its 1,890 shares of $6 cumulative preferred stock and about $300,250 to retire mortgage notes. The balance will be used for general corporate purposes.

Orange-Crush de Cuba, S. A., Havana, Cuba (8/12)
July 22 filed 75,000 shares of $1.50 par common. **Underwriter**—Elder, Wheeler & Co. **Offering**—Price $8 a share. **Proceeds**—Of the total company is selling 25,000 shares and stockholders are selling 50,000 shares. The company will use its proceeds for equipment.

Otter Tail Power Co., Fergus Falls, Minn.
July 18 filed 60,000 shares (no par) cumulative preferred stock, stated value $100 a share, and 51,216 shares ($10 par) common stock. **Underwriters**—Names by amendment. Probable bidders include Blyth & Co., Inc. **Offering**—The preferred stock will be offered in exchange, on a share for share basis, for company's outstanding $4.50 and $4.25 dividend preferred stocks. The exchange offer will expire on Aug. 26. Shares of new preferred not issued in exchange will be sold to underwriters. The common stock will be offered for subscription to common stockholders at the rate of two additional shares for each five held. Unsubscribed shares will be sold to underwriters. Price by amendment. **Proceeds**—Net proceeds will be used to pay expenses of the financing, to pay cash adjustments to exchanging preferred shareholders pursuant to the exchange offer, to redeem unexchanged shares of old preferred and to retire $900,000 of bank loans.

• **Pacific Paperboard Co., Longview, Wash.**
July 26 (letter of notification) 105,943 shares of capital stock ($1 par). No underwriters. Offering price $1 a share. Proceeds for working capital.

Pacific Power & Light Co., Portland, Ore.
July 10 filed 100,000 shares ($100 par) preferred stock. **Underwriters**—By amendment. Probable bidders include Blyth & Co., Inc., White, Weld & Co. and Smith, Barney & Co. (jointly); The First Boston Corp., W. C. Langley & Co.; Harriman Ripley & Co. **Offering**—Company proposes to

issue the 100,000 shares of new preferred for the purpose of refinancing at a lower dividend rate the 67,009 outstanding preferred shares of Pacific and the 47,806 preferred shares of Northern Electric Co., in connection with the proposed merger of Northwestern into Pacific. In connection with the merger, the outstanding preferred stocks of Pacific and Northwestern will be exchanged share for share, with cash adjustments, for the new preferred stock of Pacific, the surviving corporation. **Offering price**—To be supplied by amendment.

Pal Blade Co., Inc., New York
June 28, 1946 filed 227,500 shares ($1 par) capital stock. **Underwriters**—F. Eberstadt & Co., Inc. **Offering**—225,000 shares are outstanding and are being sold by 10 stockholders, and 2,500 shares are being sold by A. L. Marlman to all salaried employees.

Payne Cutlery Corp., Brooklyn, N. Y. (8/5-9)
July 18 (letter of notification) 150,000 shares of common stock (par 50c). **Underwriter**—Donald Young & Co., Inc. **Offering**—To be offered public at $1.875 per share. **Proceeds**—Purchase of W. H. Compton Shear Co.

● **Pebble Springs Distilling Co., Peoria, Ill. (8/13)**
July 25 filed 125,000 shares ($1 par) common stock. **Underwriters**—Daniel F. Rice and Co., Chicago. Price by amendment. **Proceeds**—To reduce bank loans, build additional facilities and for other corporate purposes. **Business**—Engaged in distilled spirits business.

Pep Boys—Manny, Moe & Jack, Philadelphia (8/12-16)
July 16 filed 200,000 shares ($1 par) common stock. **Underwriters** — Newburger & Hano, Philadelphia, and Kobbe, Gearhart & Co., Inc., New York. **Offering**—Of the total, 160,000 shares will be offered publicly and 40,000 shares will be offered to company employees. **Prices**—The stock to be sold to the public will be offered at $7.50 a share. The price to employees will be $6.85 a share. **Proceeds** — Proceeds go to two selling stockholders, Maurice L. Strauss, President, and Emanuel Rosenfeld, Vice-President and Treasurer.

Pettibone Mulliken Corp., Chicago
July 2 (letter of notification) 12,000 shares ($20 par) capital stock. To be offered to the public at $25 a share. No underwriters. **Proceeds**—For improvements to buildings, machinery and fixtures and for additional inventories.

Pittston Co., Hoboken, N. J.
May 9 filed a $7,000,000 15-year 4% debentures due April 1, 1961, and $1,242,300 20-year 5½% cumulative income debentures due Jan. 1, 1964. **Underwriters**—Blair & Co., Inc. **Offering**—Price to public by amendment. **Proceeds**—Payment of promissory notes aggregating $8,000,000. For details see issue of May 16.

Portland (Ore.) Transit Co.
June 14 filed $1,250,000 4% convertible debentures due June 1, 1966, and 200,000 shares of common stock (par $1); also an additional 128,750 common shares for conversion of debentures. **Underwriters**—First California Co.; Scherck, Richter & Co.; Weeden & Co.; Allen & Co., and Rauscher, Pierce & Co. **Proceeds**—To complete payment of purchase price for the capital stock of Portland Traction Co. and the properties of the Interurban Railway Division of Portland Electric Power Co., working capital, etc. Offering price of debentures $105; price of common to public, $8.25 per share.

● **Precision-Cut Homes, Inc., New Orelans, La.**
July 22 (letter of notification) 2,000 shares ($100 par) 6% cumulative preferred and 8,000 shares of no par common. Offering price, $100 a preferred share and $1 a common share. No underwriting. **Proceeds**—For enlargement of business.

Precision Parts Co. of Ann Arbor, Mich.
July 5 filed 75,000 shares 5% cumulative convertible preferred stock ($10 par). **Underwriter**—Van Alstyne, Noel & Co. and associates. Price by amendment. **Proceeds**—Of the net proceeds, $250,000 will be used to pay 3% notes held by National Bank of Detroit, $75,000 to reimburse treasury for sums spent in acquisition of the electrical division plant of the company, $30,000 for construction of space for executive offices in the economy baler plant, and the balance will be deposited with general funds.

● **Preferred Underwriters, Inc., Seattle**
July 23 (letter of notification) 2,495 shares $100 par) preferred and 6,245 shares ($1 par) common. No underwriters. **Offering**—Price par value of shares. Use of proceeds to be filed by amendment.

Radio-Keith-Orpheum Corp., New York
June 18 filed 670,000 shares of common stock (par $1). **Underwriters**—Lehman Brothers and Goldman, Sachs & Co. **Price**—By amendment. **Proceeds**—Atlas Corp., owner of 1,329,020 shares of common of RKO (approximately 35%) on May 31, is selling 650,000 shares of the total offering and will receive proceeds from these shares. The balance of 20,000 shares are to be purchased from the company by underwriters through the acquisition and exercise of option rights granted two company officials. The company will receive $160,000 from the exercise of the option rights which will be added to working capital.

● **Reporter Publications, Inc., N. Y. (8/12-16)**
July 12 filed 150,000 shares common stock (par 50c). **Underwriters**—Newburger & Hano, and Kobbe, Gearhart & Co. **Offering**—Price $3.50 a share. **Proceeds**—The stock is being sold by stockholders who will receive proceeds.

● **Republic Pictures Corp., New York (8/19)**
July 31 filed 184,821 shares of $1 cumulative convertible preferred ($10 par) and 277,231 shares (50c par) common stock. **Underwriters**—Sterling Grace & Co. **Offering**—To be offered initially in units of one share of preferred and 1½ shares of common to holders of issuers preferred and common stock in the ratio of one unit for each 12 shares or preferred and/or common held of record. Price by amendment. **Proceeds**—Initially to become part of corporation's general funds and available for any corporate purpose. **Business**—Production and distribution of motion pictures.

Reynolds Pen Co., Chicago
May 4 filed 400,000 shares of common stock (no par), of which 100,000 shares are being sold by company and 300,000 by stockholders. **Underwriters**—Names by amendment. Reported Allen & Co., probable underwriter. **Offering**—Terms by amendment. **Proceeds**—Net proceeds to the company will be added to working capital.

Rheem Manufacturing Co., San Francisco, Calif.
June 26, 1946 filed 200,000 shares ($1 par) common stock. **Underwriters**—Blyth & Co., Inc. **Offering**—Company will sell 130,000 shares to the public through the underwriters and 70,000 shares to Bethlehem Steel Co. **Price**—By amendment. **Proceeds**—Working capital.

Riverside and Dan River Cotton Mills, Inc., Danville, Va. (8/12)
July 2, 1946 filed 50,000 shares of 4½% cumulative prefered stock ($100 par). **Underwriters**—Scott and Stringfellow, Richmond, Va. **Offering** — New preferred is offered in exchange for shares of the company's outstanding 6% preferred, on a share for share basis. Such holders also will receive a $5 cash payment and accrued dividends on the old preferred. Exchange offer expires 5 p.m. EST Aug. 11. It is expected that unsubscribed shares will be sold to underwriters for public offering. Price, by amendment.

● **Rowe Corp., New York (8/19)**
July 29 filed 120,000 shares common stock. **Underwriters**—Hayden, Stone & Co. **Offering**—The selling stockholders, who include Robert Z. Greene, President, are offering the shares to the public through the underwriters, for their own account. Price, by amendment. **Business**—Automatic merchandising business, operating and maintaining and servicing coin operated vending machines.

● **Ryerson & Haynes, Inc., Jackson, Mich.**
July 26 (letter of notification) 15,000 shares ($1 par) common stock. Company to issue the shares to J. L. Hoffman at $1.50 a share pursuant to an option he holds. No public offering. Proceeds will be placed in the capital and capital surplus accounts.

S and W Fine Foods, Inc., San Francisco
July 11 filed 40,000 shares ($50 par) 4% cumulative preferred stock, convertible series. **Underwriters**—Blyth & Co., Inc. **Offering**—To be offered on a share for share exchange basis for 10,400 shares of convertible 5% prefered stock. Shares not issued in exchange will be offered publicly. Price by amendment. **Proceeds** — For redemption of unexchanged shares of 5% preferred at $54.50 a share and for working capital.

● **San-Nap-Pak Mfg. Co. Inc., New York (8/12)**
July 24 filed 80,000 shares ($1 par) common stock. **Underwriters**—Dunne & Co., New York. **Offering**—Price by amendment. **Proceeds**—Nat E. Heit, President and director, and Harry Preston, board Chairman, Secretary and Treasurer, will receive net proceeds as selling stockholders. **Business**—Manufacture of facial tissues and sanitary napkins.

Sardik Food Products Corp., N. Y. (8/5-9)
May 29 filed 175,000 shares of capital stock (no par). **Underwriter**—George F. Breen, New York. **Offering**—Stock will be offered to public at $16 a share with underwriters receiving a commission of $2 a share. Of the total being offered company is selling 155,000 shares and the remaining 20,000 shares are being sold by two stockholders. **Proceeds**—Working capital, purchase equipment and plant, etc. For details see issue of May 30.

● **Schuster (Ed.) & Co., Inc., Milwaukee, Wis. (8/14)**
July 26 filed 162,600 shares of common ($10 par). **Underwriters**—Goldman, Sachs & Co., New York. Offering price by amendment. **Proceeds**—Company will receive proceeds from 85,000 shares and selling stockholders will receive proceeds from 77,600 shares. Company's proceeds will be added to general funds for general corporate purposes. **Business** — Operation of three department stores.

● **Seismograph Service Corp., Tulsa, Okla. (8/13)**
July 25 filed 140,000 shares of common stock. **Underwriter**—Paul H. Davis & Co., Chicago. Price, $12 a share. **Proceeds**—Company will receive proceeds from the sale of 70,000 shares and selling stockholders will receive proceeds from the remaining 70,000 shares. Company will use its proceeds for working capital and to reduce a bank loan. **Business**—To conduct seismograph surveys in search of structure or structural conditions favorable to the accumulation of oil and gas.

Solar Manufacturing Corp., New York
June 14 filed 80,000 shares of $1.12½ cumulative convertible preferred stock, series A (par $20). **Underwriters**—Van Alstyne, Noel & Co. Price by amendment. **Proceeds**—Net proceeds will be applied for the redemption of outstanding series A convertible preferred stock which are not converted into common stock. Such proceeds also will be used for additional manufacturing facilities in the amount of $600,000; for additional inventory amounting to $400,000, and for additional working capital.

Southwest Merchandise Mart, Inc., Wichita, Kans.
July 1 (letter of notification) 99,900 shares of common stock to be offered to the public at $3 a share. **Underwriters**—Clayton Securities Corp., Boston; Estes, Snyder Co., Inc., Topeka, Kans., and Sills, Minton & Co., Chicago. **Proceeds**—To rehabilitate buildings reconverted from war production, and for business expansion.

Southwestern Investment Co., Amerillo, Texas
July 17 (letter of notification) 12,500 shares of $20 par 5% convertible cumulative preferred stock. **Offering**—Price, $20 a share. **Underwriting**—Schneider, Bernet & Hickman, Dallas, Tex. To furnish additional capital.

● **Southwestern Public Service Co., Dallas, Texas**
July 24 filed $20,000,000 of first mortgage bonds, series due 1976. **Underwriters**—To be supplied by amendment. Probable bidders include Dillon, Read & Co. Inc.; Halsey, Stuart & Co. Inc., and Blyth & Co., Inc. Price by amendment. **Proceeds**—Net proceeds, with other funds, will be used to redeem $17,500,000 of 3⅛% first mortgage bonds, due 1974, at 106⅛%, and to purchase the electric, water and ice properties of West Texas Utilities Co. located in the northwestern portion of the Texas Panhandle for $2,135,000. **Business**—Public utility.

State Street Exchange, Boston, Mass.
July 1, 1946 filed $1,750,000 second mortgage 4% noncumulative income bonds, due 1961. **Underwriters**—Roger W. Babson, Wellesley Hills, Mass., and Charles F. Ayer. **Offering** — Company will issue $750,000 of the bonds to two banks which hold two first mortgages on all of the company's real estate and the remaining $1,000,000 of the bonds will be offered to the company's stockholders in the ratio of one bond for each unit of 3½ shares of stock held. Unsubscribed shares will be sold to underwriters. Price to stockholders $27.50 a share and price to underwriters $26.50 a share. **Proceeds**—Company will pay $225,000 to the two banks holding its mortgages and the balance will be retained for necessary repairs to its real estate.

Steep Rock Iron Mines Ltd., Ontario, Can.
March 27 filed 500,000 shares of capital stock (par $1). **Underwriters**—Otis & Co. **Offering**—Price to public by amendment. **Proceeds**—Net proceeds will be added to the general funds and will be available for general corporate purposes. For details see issue of April 4.

● **Stevens-Arnold Co., Inc., South Boston, Mass.**
July 25 (letter of notification) 3,400 shares of 5% convertible non-cumulative preferred stock and 11,500 shares of common stock (no par), 3,000 shares of which will be purchased by O'Connell & Co. for investment and not distribution. **Underwriter**—O'Connell & Co., Boston. **Offering**—Prices, $25 a share for the preferred and $2 a share for the common. **Proceeds**—For working capital.

Street & Smith Publications, Inc. (8/6)
July 17 filed 197,500 shares of common stock. **Underwriters**—Glore, Forgan & Co. **Offering**—The offering represents a part of the holdings of the present stockholders.

Sun Ray Drug Co., Philadelphia (8/13)
July 3 filed $2,000,000 of 15-year debentures. Coupon rate by amendment. **Underwriters**—Eastman, Dillon & Co. **Offering**—Underwriters propose to offer the debentures in part directly to the public and the balance to certain dealers (including the underwriters) at the public offering price. Price by amendment. **Proceeds**—To pay outstanding indebtedness; for additional working capital, and $358,000 to purchase the assets of Media Drug Stores, Inc., in Philadelphia, Norristown, Upper Darby, Lansdowne, Wayne, and Media, Pa.

● **Sussex Foods Corp., of Baltimore, Md.**
July 25 (letter of notification) 5,000 shares ($2 par) common stock. No underwriters. **Offering**—Price $5 a share. **Proceeds**—For working capital.

Taylor-Graves, Inc., Saybrook, Conn.
July 12 (letter of notification) 44,300 shares of ($5 par) cumulative convertible preferred stock and 44,300 shares common stock (par 50c). **Offering**—Price $6 a share for preferred and 75 cents a share for common. **Underwriter**—Amos Treat & Co. **Proceeds**—For payment of notes, mortgages and for general corporate purposes.

Trane Co., La Crosse, Wis. (8/5)
June 20 filed 59,505 shares of common stock (par $2) of shares filed 45,905 are being sold on behalf of company and 13,600 on behalf of three stockholders. **Underwriter**—Cruttenden & Co. **Proceeds**—For plant additions, improvements, etc., redemption of 6% preferred stock and working capital.

● **Treesweet Products Co., Santa Ana, Calif.**
July 24 (letter of notification) 12,000 shares of preferred stock, $1.25 series, for the benefit of the issuer. **Under-**

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writer—Mitchum, Tully & Co., Los Angeles. Price—$25 a share. Proceeds to increase plant facilities and working capital.

Tyson Bearing Corp., Massillon, Ohio

July 16 (letter of notification) 30,000 shares of common. Underwriters—Walston, Hoffman & Goodwin; Holt, Collins & Ede; Hopkins, Harbach & Co. Offering—Price $9 a share. For general corporate purposes.

• United States Glass Co., Glassport, Pa.

July 29, E. E. Slick, C. W. Carlson, E. J. Halberg and R. L. Warren, as voting trustees, registered voting trust certificates for 120,000 shares of common capital stock ($1 par). Voting trust agreement is dated June 15, 1946, and is for maximum period of five years, but may be renewed by RFC Corporation's successor in interest, or by board of directors of corporation.

United States Plywood Corp., New York (8/14)

July 11 filed 60,000 shares of cumulative preferred stock, Series A ($100 par). Dividend rate by amendment. Underwriter—Eastman, Dillon & Co. Price by amendment. Proceeds—To redeem 13,824 shares of cumulative preferred stock, Series A, and 9,412 shares of cumulative preferred stock, Series B, at redemption prices of $106 and $105.50 a share, respectively. Balance to be added to treasury cash.

United States Spring & Bumper Co., Los Angeles (8/2-6)

June 24, filed 30,000 shares ($50 par) 4½% cumulative convertible preferred stock and 80,000 shares ($1 par) common stock. Underwriters—Dean Witter & Co. Offering—To be offered publicly. Price—By amendment. Proceeds—Company will use $950,000 of net proceeds to retire long term bank loans; $750,000 to retire short term loans; about $400,000 for machinery and equipment; any remaining to working capital. Business—Manufacture of automobile leaf springs, bumpers, and fender guards.

Upper Michigan Power & Light Co., Escanaba, Mich.

July 18 (letter of notification) 5,500 shares of 4¼% first preferred stock series B ($50 par). Offering price, $50 a share. Underwriter—First of Michigan Corp., Detroit. Proceeds—For enlargements and improvements of power plant facilities.

Velvet Freeze, Inc. (8/12)

July 24 filed 203,500 shares of stock which are to be sold for the account of certain stockholders. Underwriters—Sherck, Richter & Co., and Straus & Blosser. Offering—Of the total, 200,000 shares will be sold through the underwriting group at $8.50 a share, and 3,500 shares will be offered to certain employees at $7.50 a share.

Virginia Dare Stores Corp., New York

July 3 filed 90,000 shares of 5% cumulative convertible preferred stock, ($10 par). Underwriters—Newburger & Hano; Kobbe, Gearhart & Co., Inc., and D. Gleich Co. Offering—Underwriters propose to offer the shares in part to the public and the balance to certain dealers, among whom any underwriter may be included, at the public offering price, less certain concessions. Price by amendment. Proceeds—It is presently anticipated that $437,500 will be used to acquire the capital stock of Williams Stores, Inc., and Levitt Millinery Co. The balance will be applied to general corporate purposes. Issue temporarily postponed.

Weetamoe Corp., Nashua, N. H.

July 15 filed 200,000 shares ($25 par) $1.20 cumulative pfd. stock, 100,000 shares of ($1 par) convertible stock and 650,000 shares ($1 par) common stock. Underwriters—Blair & Co., Inc., Reynolds & Co., New York and Maxwell, Marshall & Co., Los Angeles. Offering—The preferred and convertible stocks will be offered in units of one share of preferred and one-half share of convertible. Price by amendment. Proceeds—Weetamoe Corp. (Name to be changed to Nashua Manufacturing Co. prior to effective date of registration) was incorporated June 27, 1946 to acquire the operating properties and certain other assets of Nashua Manufacturing Co. which was incorporated in 1823. The new company was organized at the instance of Textron, Inc., and is wholly-owned subsidiary, Textron Mills, Inc., which are promoters of the new company. Net proceeds, together with $2,300,000 representing the proceeds from the sale of 50,000 shares of convertible stock to the underwriters and 525,000 shares of convertible stock to Textron, Inc., at $4 a share, will be used as follows: approximately $13,000,000 for payment of a portion of the purchase price of the assets to be acquired from the old company, about $100,000 for organization expenses, and about $1,100,000 for working capital.

Wisconsin Power & Light Co., Madison, Wis.

May 21 filed 550,000 shares ($10 par) common stock to be sold at competitive bidding. Underwriters—By amendment. Probable bidders include Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co.; Glore, Forgan & Co., and Harriman Ripley & Co. (jointly); The Wisconsin Co., and Dillon, Read & Co. Proceeds—Part of the shares are to be sold by Middle West Corp., top holding company of the System, and part by preference stockholders of North West Utilities Co., parent of Wisconsin, who elect to sell such shares of Wisconsin common which will be distributed to them upon the dissolution of North West Utilities Co.

Wyandotte Hotel Co., Inc., Kansas City, Kan.

June 10 filed $1,000,000 of 30-year ¼% income debentures, due 1976, and 10,000 shares common stock (no par). Underwriters—No underwriting. The securities will be offered to the public through a campaign directed by the Chamber of Commerce of Kansas City, Kans. Offering—The securities will be offered to the public in units consisting of one $200 debenture and two shares of common at $210 a unit. Proceeds—Proceeds, together with a loan, will be used for purchasing a site and constructing, furnishing and equipping a modern hotel of not less than 230 rooms. It is estimated the total cost will be $1,600,000.

Yonkers Electric Light & Power Co., Mt. Vernon, N. Y.

June 28, 1946 filed $9,000,000 of debentures, due 1976. Underwriters—To be determined by competitive bidding. Probable bidders include Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Bros., Harriman Ripley & Co., and Union Securities Corp. (jointly); Blyth & Co., Inc.; Shields & Co., and White, Weld & Co. (jointly); W. C. Langley & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly). Proceeds—Refunding. Bids invited—company will receive bids for the purchase of the debentures at room 1642, 4 Irving Place, New York City up to 11 a.m. EDST, Aug. 6, the coupon rate to be specified in the bids.

Prospective Security Offerings

(NOT YET IN REGISTRATION)

• INDICATES ADDITIONS SINCE PREVIOUS ISSUE

Air Commuting, Inc.

July 16 possibility of same new financing seen if the Civil Aeronautical Board approves recommendations made by two of its examiners of company's plan to establish an extensive airplane commuting service radiating over the New York City metropolitan area of Westchester County, New Jersey, Staten Island, Long Island and Connecticut.

American Bosch Corp.

April 16 reported that Alien Property Custodian may shortly ask for bids on 535,000 shares (77.24%) of the stock of the corporation. Probable bidders include Glore, Forgan & Co. and Lehman Brothers (jointly), and Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane (jointly).

American Brake Shoe Co., New York

July 18 company is planning to offer 199,101 additional shares of common stock about Sept. 20. Proceeds from this issue are to be used principally to finance the company's plant expansion program. Unless present plans are changed common stockholders will be entitled to subscribe for additional shares of common stock at $35 per share on the basis of one additional share for each four shares held. The proposed record date for the determination of common stockholders entitled to receive rights is Sept. 11 and they will have approximately 30 days from Sept. 20 in which to exercise their subscription rights.

American Clay Forging Co.

July 14 stockholders voted a $275,000 bond issue to finance an expansion program at the Tiffin, O., plant and to build a new one in Tyler, Tex.

• American Colortype Co.

Sept. 9 stockholders will vote on authorizing new issue of 40,000 shares of cumulative preferred stock (par $100), to be issuable in series.

American Gas & Power Co.

April 10 company (name to be changed to Minneapolis Gas Co.), under modified plan approved by SEC, reserves right to make public offering of not in excess of 874,078 shares of new common stock. Probable bidders include White, Weld & Co., W. C. Langley & Co., Otis & Co.

American Progressive Health Insur. Co., N. Y.

July 10 (letter of notification) expected to be filed at early date for 60,000 shares of convertible preferred stock, with B. G. Cantor & Co. as underwriter.

Arkansas Power & Light Co., Little Rock, Ark.

March 30 reported company planned to issue 290,000 shares common stock (par $12.50) and $5,000,000 in promissory notes, for purpose of paying current promissory notes and finance expansion program. Probable bidders include Dillon, Read & Co. Inc.; The First Boston Corp., and Blyth & Co., Inc.

Atlantic City Electric Co.

July 9 the offering of 1,150,000 shares of common stock (now owned by American Gas & Electric Co., parent) seems probable in the fall, in compliance with the Utility Holding Company Act. Probable bidders include Mellon Securities Corp.; The First Boston Corp.; Blyth & Co., Inc.; Harriman, Ripley & Co.

Atlantic Refining Co., Philadelphia

May 7 stockholders approved proposal to increase the company's indebtedness from time to time by additional amounts not in excess of $50,000,000 in aggregate. The purpose of the plan, it was said, is to place the company in a position to fund bank loans, add to working capital and to provide funds for capital expenditures. Probable underwriters include Smith, Barney & Co.

Baltimore & Ohio RR.

June 22 it was reported that one effect of the railroad freight rate adjustment is expected to be a stimulation of bond refundings. Among the roads whose refinancing programs may then crystallize, the Baltimore & Ohio is named as a leading prospect, now that all barriers to the consummation of its $500,000,000 debt adjustment plan have been eliminated. Other portions of the debt now thought to be attractive possibilities for a refinancing operation besides the $76,900,000 of first mortgage 4s and the $67,800,000 first mortgage 5s. There are $37,200,000 of Southwestern Division 5% bonds, $36,800,000 Pittsburgh, Lake Erie & Western 4s, and $10,000,000 Toledo-Cincinnati Division mortgage series A 4s. Probable bidders, if refunding operations crystallize, are Kuhn, Loeb & Co., and Halsey, Stuart & Co. Inc.

Bangor & Aroostook RR., Bangor, Me.

April 16 stockholders authorized new mortgage. Company contemplates refinancing one-third of outstanding funded debt (Dec. 31, 1945, $12,665,000) through sale of equal amount of bonds under new mortgage, through competitive bidding. Probable bidders include Harriman, Ripley & Co., Inc.; Lee Higginson Corp., and Halsey, Stuart & Co. Inc.

Boston Store, Chicago

July 15 ownership of the Boston Store changed hands formally when a syndicate headed by Edgar L. Schnadig, Chicago, purchased all of the capital stock of the operating company, the Boston Store of Chicago, Inc., and certain real estate rights for $14,000,000. Funds for the purchase, in addition to the syndicate's own money, were furnished by a secured loan of $3,500,000 from Penn Mutual Life Insurance Co., a long term loan of $1,500,000 from the First National Bank, Chicago, and $5,000,000 in a short-term loan from the Union Securities Co., New York. To retire the short term loan the company, it is said will issue preferred and common shares to be sold publicly through a syndicate headed by Paul H. Davis & Co., Chicago and Stroud & Co., Philadelphia.

Bridgeport (Conn.) Brass Co.

April 23 stockholders voted to issue an additional 450,000 shares of common stock when and if new capital is needed. Probable underwriters, Hincks Bro. & Co.; Stone & Webster Securities Corp.; Hornblower & Weeks.

Carolina, Clinchfield & Ohio Ry.

June 26 it was reported that a refunding of the $21,400,000 first mortgage 4% series A bonds of 1965 is seen as a possibility. Probable bidders include Kidder, Peabody & Co.; Halsey, Stuart & Co. Inc.

● Central Illinois Public Service Co.
July 30 company, (subsidiary of Middle West Corp.) filed a recapitalization plan with the SEC, the chief purposes of which are to scale down and refund the preferred stock and split the existing common on a four for one basis. Funds for reducing the preferred are to be obtained from sale of additional new common shares. Present outstanding capital consists of 284,719 shares of $6 preferred stock and 260,343 common shares, of which Middle West owns 38,564 preferred and 193,321 common shares. Central Illinois proposes to issue initially 150,000 new preferred shares, which it will offer in exchange to present public preferred stockholders share for share plus a cash adjustment. If more than 150,000 old shares are deposited the new issue will be allocated. Price of the new stock is to be set at competitive bidding. Probable bidders include Dillon, Read & Co. Inc.; Smith, Barney & Co., White, Weld & Co.; Glore, Forgan & Co. Any undeposited $6 shares will be paid off at the redemption price of $110 a share and accrued dividends. For its holdings of 38,564 present preferred shares, Middle West will be given in exchange 173,953 additional common shares. Funds required to reduced the amount of preferred will be obtained from sale of 195,299 common shares to Halsey, Stuart & Co. Inc., and of 389,376 common shares to Middle West Corp. They now own 67,022 and 193,321 shares, respectively, of the $40 par common currently outstanding. Sale price of the additional common is set at $24.39 a share.

Central & Southwest Corp.
Pursuant to plan of Central & South West Utilities Co. and American Public Service Co. approved by the SEC a sufficient number of shares of Central & Southwest Corp., the new company, would be sold at competitive bidding to provide funds, not otherwise supplied, to retire outstanding preferred stocks of Central and American. Possible bidders: Glore, Forgan & Co.; Lehman Brothers-Lazard Freres & Co. (jointly); Smith, Barney & Co.-Harriman, Ripley & Co. (jointly); Blyth & Co., Inc.; Stone & Webster Securities Corp. and First Boston Corp. (jointly).

Century Manufacturing & Instrument Co.
May 29 reported Estes, Snyder & Co., may underwrite offering of common stock following merger of Century and Continental Geophysical Service Co.

Chesapeake & Ohio Ry.
June 18 reported that probably one of the early developments when and if the merger of Chesapeake & Ohio Ry. and the Pere Marquette Ry. is approved will be a refunding operation to take in the debt of both roads. C. & O., it is expected, will take steps to refinance the refunding and improvement 3½s, due in 1996, of which $37,500,000 series D and $27,600,000 series E were outstanding at the close of 1945. The Pere Marquette has outstanding $59,749,000 first mortgage 3⅜s, series D, due in 1980. At the ICC hearings in April on the merger proposal, W. H. Wenneman stated that refinancing of the Pere Marquette issue would be undertaken promptly following consummation of the merger.

● Chesapeake & Ohio Ry.
Company is advertising for bids to be considered 12 noon (EST) Aug. 13, at 3400 Terminal Tower, Cleveland for $1,750,000 of new equipment trust certificates. The certificates, dated Aug. 1, 1946, and maturing in equal annual instalments from August 1, 1947, to Aug. 1, 1956, will be secured by new equipment with an estimated cost of $2,246,049. Probable bidders include Salomon Bros. & Hutzler; Halsey, Stuart & Co. Inc.; Harris Hall & Co. (Inc.).

Chicago Milwaukee St. Paul & Pacific RR.
Issuance by the road of $58,900,000 lower-coupon first mortgage bonds, proceeds from the sale of which would be used to redeem first mortgage 4% bonds, 1994, is expected to be postponed until late this year. Earlier plans were for the retirement of the bonds July 1. Three investment banking groups were set up to enter competition for any new offering, viz.: Kuhn, Loeb & Co.; Mellon Securities Corp., and Halsey, Stuart & Co., Inc.

Cities Service Co., New York
July 17 it is suggested that when and if the outstanding debt is retired through proceeds of its utility equities, that preferred stockholders might be offered a new 4% preferred in exchange for the old issues, in the amount of call prices plus arrears (approximately $113,486,250).

Citizens Utilities Co.
July 24 company is negotiating with investment bankers relative to the sale of a new long-term first mortgage bond issue, with which to retire $4,200,000 bank loan obtained to retire the 5½% bonds of 1948, called for redemption Sept. 1, 1946.

● Columbia Gas & Electric Corp.
July 29 company asked the Securities and Exchange Commission for permission to sell an issue of debentures at competitive bidding and to use the proceeds, plus proceeds from the proposed sale of its Cincinnati Gas & Electric Co. common holdings, to redeem its bank notes and preferred and preference stocks. The amount of debentures to be sold will be determined when the proceeds from the Cincinnati sale are known. The corporation told the Commission it plans to complete the sale of the debentures in time to issue on or before Sept. 16, the 60 days' notice for the redemption of preferred stocks on Nov. 15, 1946. Probable bidders for the debentures include Glore, Forgan & Co.; W. E. Hutton & Co. and Halsey, Stuart & Co. Inc.

Consolidated Edison Co. of New York, Inc.
July 3 company formally submitted to the New York Public Service Commission its plan to issue $290,000,000 of new mortgage bonds as part of a plan to redeem $304,240,000 of callable mortgage bonds and debentures and $15,869,000 of non-callable mortgage bonds due in 1948 and 1949—a total of $320,109,000 of long-term debt. The $290,000,000 of new mortgage bonds would be sold by bidding in three separate issues in rapid succession, the first two to be $100,000,000 each and the third for $90,000,000. After issuing the first series the company would then call its $179,240,000 of callable mortgage bonds and obtain discharge of mortgages covering $15,869,000 of non-callable bonds. In another part of the plan the company proposes to refinance the outstanding 2,188,890 shares of $5 cumulative preferred stock. Probable bidders include Morgan Stanley & Co.; Halsey, Stuart & Co. Inc. (bonds only), and Blyth & Co., Inc.

Consumers Power Co., Jackson, Mich.
June 18 company requested the SEC to approve the disposal of a sufficient number of common shares at competitive bidding to raise $20,000,000. Probable bidders include Morgan Stanley & Co.; Lehman Brothers; Shields & Co.; Harriman Ripley & Co., and Mellon Securities Corp.
Consumers, a subsidiary of the Commonwealth & Southern Corp., also proposes to increase the common from 2,000,000 to 6,000,000 shares and to issue 3,623,432 new common shares to its parent for the 1,811,716 now held by Commonwealth. Hearing before the SEC is scheduled for Aug. 14.

Continental Foundry & Machine Co., Chicago
June 20 stockholders voted to create a new issue of 5% convertible preferred stock which will be offered in exchange on a share-for-share basis for 7% preferred stock. All the 7% stock which is not exchanged will be redeemed on July 1 at $105. Each share of new stock will be convertible into two and a half shares of common.

Crawford Clothes, Inc., New York
July 1 it was reported that The First Boston Corp. may underwrite the offering of preferred and common shares in September.

Crown Drug Co.
July 8 company is considering a plan to retire the 24,328 shares of 7% ($25 par) preferred stock.

Detroit Edison Co., Detroit, Mich.
March 19 committee of directors formed to consider refinancing of $65,000,000 3½s and 4s. Probable bidders include: Mellon Securities Corp., First Boston Corp., Dillon, Read & Co. Inc., Coffin & Burr, Halsey, Stuart & Co., Inc., and Spencer Trask & Co.

● Ekco Products Co.
Sept. 6 stockholders will consider a plan to create a new issue of $7,500,000 preferred stock and to increase authorized common stock from 750,000 to 1,500,000 shares to permit a two-for-one split of outstanding common stock. It is proposed to offer publicly $6,000,000 of new convertible preferred and 40,000 new common shares. Union Securities Corp. is expected to head the underwriting group. Part of the proceeds from the financing will be used to retire 4½% preferred stock at $110 a share, and the remainder will be added to general funds to replace amounts spent for new plants and equipment.

El Canada Columbia Mine Co.
July 16 the Massachusetts Department of Public Utilities took under advisement, following a hearing, the petition of company which seeks permission to sell in Massachusetts 50,000 shares of capital stock at $1 a share. The Department also took under advisement the company's application for registration as a broker corporation to sell the stock and of A. O. Alden, the company's President, for registration as a salesman for the mining concern.

Empire District Electric Co., Joplin, Mo.
May 3 company filed application with the Arkansas P. S. Commission for authority to issue $2,000,000 2⅞% first mortgage bonds due in 1976. Proceeds would be used for additions and improvements to the company's properties in Missouri, Arkansas, Kansas and Oklahoma. Probable bidders include The First Boston Corp.; Halsey, Stuart & Co. Inc.; Shields & Co. and Lehman Brothers.

Engineering & Research Corp.
June 14 reported company, manufacturer of air coupes, contemplates the issuance of 300,000 shares of common stock, with Hemphill, Noyes & Co. as underwriters.

● Expreso Aereo Inter-Americano, S. A.
July 27 company announced agreement to acquire control of two Cuban Airlines. Stockholders will vote Aug. 16 on increasing authorized common from 1,000,000 shares to 2,000,000 shares (par $1). Probable public offering of over 300,000 shares with Hallgarten & Co. and G. H. Walker & Co., as underwriters.

Federal Light & Traction Co.
An application proposing the merger of four New Mexico subsidiaries of Federal has been filed with the SEC. Under the plan, New Mexico Power Co., Las Vegas Light & Power Co. and Deming Ice & Electric Co., would be merged into Albuquerque Gas & Electric Co. Albuquerque's name would be changed to Public Service Co. of New Mexico. The merged company would have 524,903 shares ($7 par) common stock, all held by Federal, which now owns all the common stock of the subsidiaries. The number of common shares resulting from the merger equals the number of Federal common shares outstanding. Public offering of stock expected. Probable bidders include E. H. Rollins & Sons; Rauscher, Pierce & Co., Inc. Blyth & Co., Inc.; The First Boston Corp.; Otis & Co., and Harriman Ripley & Co.

Feltman & Curme Shoe Stores, Inc.
July 17, the merger of the Utah subsidiary of Feltman & Curme Shoe Stores, Inc., into the parent company has been approved by stockholders at a special meeting in Chicago. Holders also voted to replace the company's $7 cumulative preferred stock, of which 13,465 shares are outstanding, with a new 5% ($50 par) cumulative preferred issue. Preferred holders will receive one share of the new stock plus five shares of common for each preferred share. All common stock of the subsidiary, wholly owned by the parent firm, will be canceled.

Fidelity & Guaranty Fire Corp., Baltimore
July 26 stockholders voted to increase the authorized capital stock from 100,000 shares to 200,000 shares (par $10). The new stock will be offered for subscription to stockholders pro rata at $40 per share. The U. S. Fidelity & Guaranty Co. (parent) has announced that it will exercise its right to subscribe to the stock to which it is entitled and has agreed to purchase at $40 per share any new stock not subscribed for by stockholders.

Foster & Kleiser
July 29 stockholders will vote on proposed changes in the capital setup. Plans are for a new class of convertible preferred stock, an increase in common and retirement of the outstanding 38,580 shares of class A preferred. The company would raise $2,500,000 by sale of 100,000 new convertible preferred ($25 par) shares to be used in retiring the class A and for business operations.

Fresh Dry Foods Inc., Columbia, S. C.
May 29 reported a registration statement covering 650,000 shares of common stock (par $1). Expected to be filed at an early date with Newkirk & Co., New York, as principal underwriters. Public offering price about $5 per share.

General Telephone Corp., New York
April 17 stockholders approved amendment to certificate of incorporation modifying restrictions against incurring debt for capital purposes without specific stockholders' approval. Stockholders also approved amendment to authorize 175,000 additional preferred shares. Probable bidders include Paine, Webber, Jackson & Curtis.

Goldring Merchandising Co.
May 28 reported prospective financing being discussed with Merrill Lynch, Pierce, Fenner & Beane, as underwriters.

● Gordon Foods, Inc., Atlanta, Ga.
July 29 reported company plans the sale of 20,000 shares of convertible preferred stock and 100,000 shares of common stock, with R. H. Johnson & Co. and Allen & Co. as underwriters.

Grand Union Co.
May 23 reported directors giving careful consideration to a splitup of common shares and issuance of additional new stock, but it is likely that no action will be taken before September. The management, it is said, is now making an exhaustive budget study to determine what additional capital will be needed to finance an expansion program.

Gulf States Utilities Co.
May 24 in connection with plan of dissolution of Engineers Public Service Co. part one of the plan calls for reclassification of common stocks of two subsidiaries, Gulf States Utilities Co. and El Paso Electric Co., and for their distribution to Engineers common stockholders. The Gulf States Utilities stock would be distributed through issuance of rights.

Hollander (A.) & Son, Inc., Newark, N. J.
Stockholders will vote sometime in August on splitting common stock 2-for-1 and on authorizing an issue of $1,500,000 convertible preferred stock. Probable underwriter, Merrill Lynch, Pierce, Fenner & Beane.

Illinois Power Co., Decatur, Ill.
July 2 company has filed a recapitalization plan with SEC pursuant to Section (11) E of the Utility Holding Company Act. The plan differs in one essential from the financing application filed with the Commission last April. It calls for complete cancellation of the interest held in the company by its statutory parents, North American Co. and North American Light & Power Co. These holdings comprise stock, dividend arrears certificates, Central Terminal Co. notes and warrants to purchase an additional 300,000 Illinois Power common shares. The plan follows the financing application in providing for issuance of $10,000,000 of new preferred stock to raise funds for paying off the $11,596,680 of dividend arrears certificates and in calling the existing $24,175,000 preferred stock for redemption in order to force its conversion into common on a basis of two shares for one. An underwriting will be arranged for the conversion in order to sell the amount of common stock needed to pay off the preferred not tendered for conversion. Probable underwriters include Merrill Lynch, Pierce, Fenner & Beane; Otis & Co., and the First Boston Corp.

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(Continued from page 657)

Indianapolis (Ind.) Power & Light Co.
April 24 it was reported that company probably will replace its $32,000,000 first 3¼s due May 1, 1970, with new lower-cost securities. Probable underwriters include Lehman Brothers; Blyth & Co., Inc., and Halsey, Stuart & Co. Inc.

International Dress Co.
June 26 it was reported that company is planning some new financing. Otis & Co. reported as probable underwriter.

Interstate Power Co. (Del.)
May 21 pursuant to amended plan filed with SEC company proposes to sell through competitive bidding $20,000,000 new first mortgage bonds and such number of 3,000,000 common shares as may be necessary to enable the company to carry out the provisions of the amended plan. Probable bidders include the First Boston Corp.; Halsey, Stuart & Co. Inc. (bonds only); Dillon, Read & Co. Inc. (stock only).

• **Johansen Brothers Shoe Co., Inc.**
Sept. 11 stockholders will vote on authorizing issuance and sale of $350,000 3½% 10-year sinking fund debentures, proceeds to be used to finance acquisition of capital stock of Valley Shoe Corp. of St. Louis.

Kansas City Power & Light Co.
July 9 it was reported that company may in near future refund its outstanding $38,000,000 bonds and 40,000 shares of preferred stock, with securities carrying lower coupon and dividend rates. Probable bidders include Halsey, Stuart & Co. Inc. (bonds only); The First Boston Corp.; Mellon Securities Corp.; Harriman, Ripley & Co.

Kansas Power & Light Co., Topeka, Kan.
May 31 reported company probably will replace outstanding bonds and preferred stock with new lower cost securities. Probable bidders if securities are sold include Halsey, Stuart & Co., Inc. (bonds only); The First Boston Corp.; Blyth & Co., Inc.; Kidder Peabody & Co.; Harris Hall & Co. (Inc.).

Kimberly-Clark Corp., Neenah, Ohio
Aug. 9 stockholders will consider an increase in common and the issuance of a new preferred issue, the latter to consist of 125,000 shares, to be subordinate to the present 4½% preferred. Probable underwriters, if any new preferred issued, Lehman Brothers, and The Wisconsin Co.

Kingdom of the Netherlands
July 11 it was stated that the forthcoming $50,000,000 bond issue to be floated by the Netherlands Government in the American market by a syndicate of investment banking houses headed by Kuhn, Loeb & Co. will carry an interest rate of 3½% and will run 25 years. Although it was intended to file the issue with the SEC the week of July 19, the filing has been delayed due to unsettled market conditions.

Koppitz-Melchers, Inc.
July 5 reported company will shortly offer to its shareholders 128,697 common shares at $1 a share. Stockholders will have the right to purchase three shares for every 25 owned as of June 27.

Magma Copper Co.
Aug. 29 stockholders will vote on increasing the authorized capital shares to 1,200,000 from 410,000. The additional 790,000 shares, if authorized, will be offered later at prices and amounts to be determined by directors. The purpose of the financing is to provide for development and equipment of the company's large low-grade San Manuel copper ore body in Arizona.

Mar-Tex Realization Corp., Dallas
July 21 stockholders have voted issuance of 150,000 shares of common stock, on which rights have been issued to present shareholders, entitling them to buy one share of the new stock for each five shares held at $2 a share. Proceeds for working capital.

• **May Hosiery Mills, Nashville, Tenn.**
July 29 rumored the sale of some 100,000 shares of common stock planned by certain stockholders, with Weil & Co. and Allen & Co. as probable underwriters.

Michigan-Wisconsin Pipe Line Co.
May 3 it was reported that Michigan Consolidated Gas Co., through the purchase of $17,000,000 in common stock, would acquire full control of the Michigan-Wisconsin Pipe Line Co. Sale of the stock to Michigan Consolidated would be a part of the initial financing of the new company, which proposes to build a $71,000,000 pipe line to bring natural gas from Texas to Midwest States. Michigan-Wisconsin's proposal also contemplates issuance of $6,000,000 in 2% 5-year serial notes and of $34,000,000 in 3¼% 20-year first mortgage bonds to complete the "initial financing." The plan has yet to be presented to the SEC. Probable bidders of the bonds include Dillon, Read & Co. Inc.; Glore, Forgan & Co.; White, Weld & Co.; Halsey, Stuart & Co. Inc., and Mellon Securities Corp.

Milwaukee Gas Light Co.
July 18 SEC will hold hearing on the proposal to change its authorized and outstanding common stock from a par value of $50 a share to $12 a share and increase the number of authorized common shares from 260,000 to 1,150,000 shares, and incidental transactions. The proposed transactions are steps in a general program of American Light & Traction Co., the parent company, to effect compliance with the Holding Company Act's provisions, which will ultimately result in the liquidation of that company and the distribution of its assets.

• **Montreal, City of**
The City of Montreal's plan for replacing its outstanding obligations with new lower-cost securities will come up for consideration at a special meeting of the City Council, called for today (Aug. 1). Approval will be sought for a by-law providing for early refunding of some $108,000,000 of the city's $202,000,000 debt. Of the new bonds, about $60,000,000 will be payable in Canadian funds and only $48,000,000 in U. S. currency. Probable underwriters of U. S. currency bonds include Harriman Ripley & Co., Inc.; The First Boston Corp., and Smith, Barney & Co.

National Container Corp.
May 23 it was reported that company may refund its outstanding $4,300,000 5% debentures due 1959 later this year with new lower-cost securities. Probable underwriters Van Alstyne, Noel & Co.

National Gas & Electric Corp., New York
June 11 company filed with SEC a voluntary plan of simplification and recapitalization calling for retirement of the company's entire funded indebtedness through a series of financing operations. The plan provides, initially, for redemption of the presently outstanding 5% first lien collateral trust bonds by using the proceeds of a new $2,100,000 secured bank loan, and the repayment of this bank loan with funds to be received by the corporation as a result of the refunding of the bonds of its wholly-owned subsidiaries—National Utilities Co. of Michigan, and Industrial Gas Corp. of Ohio. The new $980,000 first mortgage 3% bonds of the Michigan subsidiary would be sold privately at par and accrued interest through an investment group consisting of Battles & Co., Inc., Philadelphia; G. H. Walker & Co. of Providence, R. I., and Smith, Landeryou & Co., Omaha, Neb. Under the plan, National Gas & Electric also would dispose of its holdings in Northern Indiana Fuel & Light Co.

• **Neisner Brothers, Inc.**
July 30, in addition to the declaration of an increased dividend on the common stock, directors voted July 30 to recommend to stockholders an increase in the authorized capital shares from 400,000, of which 206,000 are now outstanding, to 2,000,000, paving the way for a 3-for-1 split-up. The rest of the unissued common stock would be used for corporate purposes. A special meeting of common stockholders will be held about Sept. 1.

Newburgh Steel Co.
July 16 reported company plans early registration of 30,000 shares of 6% preferred stock and 30,000 shares of common, with O'Connell & Janareli as probable underwriters.

• **New York Ontario & Western Ry.**
July 29 company asked the ICC for authority to issue $2,600,000 of 3% equipment trust certificates. Proceeds will be used to help pay for four diesel-electric freight locomotives and 23 diesel-electric switching locomotives. Probable bidders include Halsey, Stuart & Co. Inc., and Salomon Bros. & Hutzler.

Northern Indiana Public Service Co.
April 17 reported that company has under consideration the refunding of its $45,000,000 series C 3⅛s with issue of about same size carrying lower coupon rate. Probable bidders, Halsey, Stuart & Co. Inc., and Harriman, Ripley & Co.

Northern Pacific Ry., St. Paul, Minn.
It was reported April 10 that company has under consideration the refunding of $55,000,000 collateral trust 4½% bonds due 1975 and the issuance of a new series of collateral trust bonds. Prospective bidders, Morgan Stanley & Co., Halsey, Stuart & Co. Inc., and Kidder, Peabody & Co.

Ohio Public Service Co.
May 28 it was reported that early sale by Cities Service Power & Light Co. of its common stock holdings of Ohio Public Service Co. was probable following the virtual completion of the refunding program of this subsidiary. This is one of the few remaining steps prior to complete divorcement of the Cities Service Co. from the utility field in compliance with the Public Utility Holding Company Act.

Oklahoma Gas & Electric Co., Oklahoma City
Company contemplates at same time Standard Gas & Electric Co. sells its holding of common stock (in accordance with SEC regulations) to sell approximately 140,000 shares of new common stock, proceeds of which will be used to reimburse treasury and retire bank loan used in redeeming the 7% preferred stock. Probable bidders will include Merrill Lynch, Pierce, Fenner & Beane; The First Boston Corp., and White, Weld & Co.

Pacific Lighting Corp.
June 7 directors authorized the management to prepare plans for refunding the corporation's 200,000 shares (no-par) cumulative $5 dividend preferred. Blyth & Co. will probably be underwriters.

• **Pacific Telephone & Telegraph Co.**
July 25 company applied to California Railroad Commission for authority to issue $75,000,000 40-year debentures and to sell 328,125 shares (par $100) common stock, the latter to be offered for subscription to preferred and common stockholders pro rata. Debentures are to be sold competitively with Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., as probable bidders.

Portland General Electric Co.
July 9 it was stated that the 236,819 shares of common stock (now owned by Portland Electric Power Co., parent) may be publicly offered later this year, in compliance with the Utility Holding Company Act. Probable bidders include Blyth & Co., Inc.

St. Louis (Mo.) Public Service Co.
April 19 the company petitioned the Missouri Public Service Commission to simplify its financial structure, including reduction in interest and sinking fund changes. Company proposes to retire current funded debt ($11,640,683) and to issue up to $10,000,000 new bonds, but limited originally to $6,000,000. Probable bidders include White, Weld & Co.; Blyth & Co., Inc., and First Boston Corp.

Savoy Oil Co., Tulsa, Okla.
July 1 stockholders increased authorized common from 150,000 shares (par $5) to 300,000 shares (par 25c). Shareholders will receive rights to subscribe to 100,000 shares at not less than $2.50 a share. Remaining shares will be optioned to directors at same price.

Southern Co., New York
The Southern Co. (to be successor to Commonwealth & Southern Corp.) proposes to sell for cash (when Commonwealth's recapitalization plan becomes effective) sufficient common stock to realize $10,000,000, to be invested in Southern Co.'s subsidiaries and new construction.

Southern Electric System, Inc.
May 10 pursuant to substitute plan for retirement of preferred stocks of Electric Power & Light Corp., filed with SEC common stockholders of Electric Power & Light Corp., would be given rights to subscribe to United Gas Corp. common stock and stock of the new holding company Southern Electric System, Inc. The latter company would be formed to hold the stocks of Arkansas Power & Light Co., Louisiana Power & Light Co., Mississippi Power & Light Co., and New Orleans Public Service Inc.

Stetson (John B.) Co., Philadelphia
July 5 company was reported negotiating for the purchase of Mallory Hat Co. This transaction and other phases of the company's expansion program will, it is said, necessitate a long-term loan of $2,500,000.

Sun Chemical Co.
June 18 reported that company plans early registration of $4,275,000 20-year sinking fund debentures and $1,200,000 preferred stock, with Shields & Co. as underwriters.

Textron, Inc.
August 1 stockholders will vote on approving an increase in the authorized common stock from 1,700,000 to 4,000,000 shares, split the common on a two-for-one basis, and reduce the authorized convertible preferred stock from 500,000 to the 200,000 shares now outstanding. Directors also would be empowered to sell common stock for cash, services or property, at their discretion. Probable underwriter, Blair & Co.

Toledo (Ohio) Edison Co.
May 28 it was reported that a refunding program is contemplated at an early date for this company to be followed later by sale at competitive bidding of the common stock now held by Cities Service Power & Light Co.

Tucker Corp., Chicago
July 11 the Securities and Exchange Commission appleted negotiations with an investment house to underwrite an initial public issue of about $20,000,000 to finance his venture into the automobile filed with a rear-engine passenger car. The name of the investment house was not made public but it was stated an announcement of the financing would be made public in about eight weeks.

Union Electric Co. of Missouri
It is rumored that company contemplates refunding its outstanding $90,000,000 3⅜s of 1971 with lower cost obligations. Possible bidders would include Dillon, Read & Co. Inc., and Halsey, Stuart & Co., Inc.

Union Pacific RR.
May 9 it was reported officials are considering the question of meeting the $100,000,000 first mortgage railroad and land grant 4's due July 1, 1947. However it is felt maturity date is too far away to determine now whether issue will be paid off in cash or will be refunded. If company decides to refund through new issue probable bidders will be Kuhn, Loeb & Co., and Halsey, Stuart & Co. Inc.

• **Union RR. (Pa.)**
Company has applied to ICC for permission to issue $1,500,000 equipment certificates to finance purchase of 500 hopper cars. Certificates would mature in 10 equal annual instalments starting with Sept. 1, 1947. Probable bidders include Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Union Railroad (Va.)
July 23 company, which operates in Allegheny County, Pa., has asked the Interstate Commerce Commission for authority to issue $7,900,000 of first and refunding mortgage bonds, series A, and to redeem two issues maturing on Sept. 1. The interest rate of the new 50-year bonds, dated Sept. 1, will be determined by competitive bidding.

Probable bidders include Drexel & Co.; Halsey, Stuart & Co. Inc.

Verney Corp., Boston, Mass.
July 3 the management has under consideration the simplification of the company's preferred stock and debt structure. Nothing definite as to the types of securities that may be issued has been reached as yet. Underwriters may include F. S. Mosley & Co.; White, Weld & Co.; Ladenburg, Thalmann Corp., and Lee Higginson Corp.

Wabash Railway
May 1 it was reported that company may possibly refund its $47,000,000 first mortgage 3¼s of 1971 with a lower coupon issue. Possible bidders include Halsey, Stuart & Co., Inc., and Kuhn, Loeb & Co.

Waitt & Bond, Inc., Newark, N. J.
June 12 it was reported company has under consideration a refinancing program. Announcement expected at early date.

Waterman Airlines
July 17 reported company contemplates new financing. Company intends to conduct a non-stop air cruise between New Orleans, San Juan, Puerto Rico and San Juan and New York.

Western Maryland Ry.
May 22 reported company working on plans to refinance $44,901,000 first mortgage 4s. Probable bidders include Kuhn, Loeb & Co., and Halsey, Stuart & Co. Inc.

● **Western Pacific RR.**
April 11 ICC conditionally authorized company to issue $10,000,000 first mortgage bonds, series B, due Jan. 1, 1981, proceeds to be used to refund a like amount of first mortgage 4% bonds due Jan. 1, 1974, and held by RFC. Interest rate to be specified in bids. The directors rejected the conditions attached by the ICC but on re-hearing the ICC July 19 affirmed its original order. Probable bidders include Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; Shields & Co., and Glore, Forgan & C.

Westinghouse Electric Corp., Pittsburgh
June 27 reported corporation expects to complete within the next month or so a long-range financing. While the type of securities to be used has not been definitely determined, present indications are that it will be a combination of stock and debentures. Proceeds will be used to pay off a recent $80,000,000 bank loan and for additions to working capital. Probable underwriter, Kuhn, Loeb & Co.

White Auto Stores, Inc.
June 24 reported an early registration of 75,000 shares of convertible preferred stock and 50,000 shares of common stock expected with First Colony Corp.; Rauscher, Pierce & Co.; B. V. Christie & Co.; Courts & Co., as underwriters. Preferred represents new financing, common being sold by stockholders. Expected preferred will be offered at $20 and common at $10 per share.

Wisconsin Public Service Co., Milwaukee, Wis.
May 20 it was reported that Standard Gas & Electric Co. expected to sell at competitive bidding some time this year its holdings of 1,099,970 shares of common stock. Probable bidders include The Wisconsin Co.; The First Boston Corp.; Harriman Ripley & Co.

School of Banking at Wisconsin Un. Opens

The School of Banking at the University of Wisconsin for the Central States opened its second annual session at Madison, Wis., on July 29, with 130 students in attendance. This represents an increase of 176% in the student body over the first session in 1945. The school will be in session two weeks, running through August 10. Attendance at three Summer sessions is required for graduation. The school has been approved by the Veterans Administration as an educational facility for the training of bankers who are veterans eligible under Public Law No. 346 as amended. Last year 47 students from three states comprised the first freshman class. This year 44 of the original student body will return and the freshman class this year has been limited to 86 students. The entire student body of 130 this year come from 16 states. Advices from the Illinois Bankers Association states:

"The school is designed to provide bankers an opportunity for advanced study and research in banking, economic and monetary problems. Requirements for admission are that the student must be a bank officer or have responsibilities equal to those performed by bank officers. A limited number of students from both State and Federal banking agencies are also eligible for admission.

"A large measure of credit for the rapid development of the school is due to the organization of the curriculum and the recruiting of the faculty by Director Prochnow, to the 100% sponsorship of the Central States Conference, and the cooperation of the Secretaries of the Bankers Associations in these 16 states. This sponsorship has made possible the fulfillment of the prediction of many Mid-Wetern bankers that a Summer school of banking could be created in the Middle West capable of meeting its particular requirements and to afford professional training by distinguished bankers, economists and attorneys in fields of commercial credit, investments, banking practice, economics, monetary problems and agricultural credit.

"Among the prominent business men and bankers on the faculty are John W. Barriger, President of the Monon Railroad; M. S. Szymczak, Member, Board of Governors of the Federal Reserve System; Cyril B. Upham, Deputy Comptroller of the Currency; Dr. Woodlief Thomas, Director, Division of Research and Statistics, Board of Governors, Federal Reserve System, and Irvin L. Porter, Vice-President and Director, The First National Bank of Chicago.

"The school is operated under the sponsorship of the Central States Conference. The Conference comprises the Bankers Associations of the following states: Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, No. Dakota, Ohio, Oklahoma, So. Dakota, Wisconsin. Eugen P. Gum, Secretary, Oklahoma Bankers Association, is President of the Conference this year.

"The administrative officers of the school are: Edwin B. Fred, President, University of Wisconsin; Fayette H. Elwell, Dean, School of Commerce, University of Wisconsin; Director, Herbert V. Prochnow, Vice-President, First National Bank of Chicago, and Registrar, Wall G. Coapman, Secretary, Wisconsin Bankers Association.

Plans for Ending UNRRA

In spite of the appeal to President Truman by several national organizations for United States action to assure the continuance of the United Nations Relief and Rehabilitation Administration for at least another year from next December, diplomatic informants made known on July 27 that this country, Canada and Great Britain have agreed to go through with the original plan to end the relief organization completely after the first quarter of 1947. The decision, as Associated Press Washington advices point out, reaffirms policies of the nations from which UNRRA draws its chief support. William L. Clayton, Assistant Secretary of State said informally that it was believed that the emergency relief problem involved in food shortages was nearly at an end, and that improved harvests on every continent have made extension of UNRRA beyond early next year unnecessary.

On the other hand, according to Washington advices to the New York "Times," organizations which made the appeal to the President for continuation of organized world relief viz: Americans United, the American Jewish Congress, American Veterans Committee, the CIO, the Friends Committee on National Legislation, Union for Democratic Action, Women's international League for Peace and Freedom and the National Women's Trade Union League—pointed out that the need for food relief in Europe and Asia would continue through 1947 since many of the recipient countries would be unable either to feed themselves or pay for the food essential to their needs by that time.

The "Times" has also reported on July 27 that expected termination of UNRRA this year is arousing considerable confusion and indecision among food trade leaders regarding future operation of the famine relief export program, it was learned yesterday. Unable to plan their own long-term schedules while so large a section of world demand is uncertain and the new requirements of the various nations is unknown, industry leaders are urging prompt clarification of the situation and are looking to the Departments of State, Commerce and Agriculture to provide a positive policy.

Future relief operations, the Associated Press reported, probably will be handled on a national basis with the United Nations taking over such activities as handling of displaced persons in Europe, reconstruction in bankrupt areas and health problems.

DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED
111 Fifth Avenue New York 3, N. Y.

164TH COMMON DIVIDEND

A regular dividend of Seventy-five Cents (75¢) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on September 3, 1946, to stockholders of record at the close of business August 9, 1946. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*
July 30, 1946

THE ATLANTIC REFINING CO.

COMMON DIVIDEND NUMBER 164

At a meeting of the Board of Directors held July 29, 1946, a dividend of thirty-seven and one-half cents (37½c) per share was declared on the Common Stock of the Company, payable September 16, 1946, to stockholders of record at the close of business August 21, 1946. Checks will be mailed.

RICHARD ROLLINS
July 29, 1946. Secretary

Borden's
Borden's 1857

DIVIDEND No. 146

An interim dividend of fifty cents (50¢) per share has been declared on the capital stock of *The Borden Company*, payable September 3, 1946, to stockholders of record at the close of business August 12, 1946.

E. L. NOETZEL
July 30, 1946 *Treasurer*

Dividend Notice
BUR-MIL QUALITY
July 29, 1946

BURLINGTON
MILLS CORPORATION

The Board of Directors of this Corporation has declared the following regular dividends:

4% CUMULATIVE PREFERRED STOCK
$1 per share

3½% CUMULATIVE PREFERRED STOCK
87½ cents per share

3½% CONVERTIBLE SECOND PREFERRED STOCK
87½ cents per share

COMMON STOCK ($1 par value)
25 cents per share

Each dividend is payable September 1, 1946, to Stockholders of record at the close of business August 8, 1946.

WILLIAM S. COULTER, *Secretary*

DIVIDEND NOTICES

SERVICE LEADERSHIP

BUTLER BROTHERS

The Board of Directors has declared the regular quarterly dividend of One Dollar and twelve and a half cents ($1.12½) per share on Cumulative Preferred Stock, 4½% Series, and a dividend of Twenty five cents (25c) per share on Common Stock, both payable September 1, 1946, to holders of record at the close of business August 1, 1946. Checks will be mailed.

EDWIN O. WACK
July 23, 1946 Secretary

EATON MANUFACTURING COMPANY
Cleveland, Ohio

EATON

DIVIDEND NO. 86

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c) per share on the outstanding common stock of the Company, payable August 24, 1946, to shareholders of record at the close of business August 6, 1946.

July 26, 1946
H. C. STUESSY
Secretary & Treasurer

OTIS ELEVATOR COMPANY
THE WORLD'S WORD FOR ELEVATOR SAFETY

PREFERRED DIVIDEND NO. 191
COMMON DIVIDEND NO. 155

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 35¢ per share on the no par value Common Stock have been declared, payable September 20, 1946, to stockholders of record at the close of business on August 22, 1946. Checks will be mailed.

C. A. SANFORD, *Treasurer*
New York, July 24, 1946.

TC TENNESSEE CORPORATION

TENNESSEE CORPORATION

A dividend of 25¢ per share has been declared, payable September 25, 1946, to stockholders of record at the close of business September 5, 1946.

61 Broadway
New York 6, N. Y.
July 23, 1946.
J. B. McGEE
Treasurer,

THE BUCKEYE PIPE LINE COMPANY
30 Broad Street
New York, N. Y., July 29, 1946.

The Board of Directors of this Company has this day declared a dividend of Twenty (20) Cents per share on the outstanding capital stocks, payable September 14, 1946 to shareholders of record at the close of business August 16, 1946.

C. O. BELL, *Secretary.*

THE UNITED CORPORATION
$3 CUMULATIVE PREFERENCE STOCK

The Board of Directors of The United Corporation has declared a dividend of $7.50 per share, on account of arrears, upon the outstanding $3 Cumulative Preference Stock, payable August 14, 1946, to the holders of record at the close of business August 5, 1946.

THOMAS H. STACY, *Secretary.*
Wilmington, Delaware
July 24, 1946

SITUATIONS WANTED

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The Washington Sideshow

By SIEGFRIED FROHLICH
Research Department, L. D. Sherman & Co.

Writer calls attention to difficulties and red tape arising from numerous regulatory commissions in Washington and urges elimination of many as means of restoring representative government.

Many years ago, our forefathers, with uncanny foresight, conceived our government by the people. They recognized the weaknesses of human nature, and to prevent abuses by those in power, they brilliantly created a system of checks and balances through the division of government into legislative, administrative and judicial branches. Mr. Lincoln, in his famous Gettysburg address, fervently pleaded "that Government by the people may not perish from this earth."

Siegfried Frohlich

If the framers of the Constitution could return to earth today, they would hardly recognize the instrument of government they had so wisely created. They had vested the legislative functions in the Congress. Today we find Agencies, Authorities, Boards, Commissions, Administrators, Expeditors, etc., all vested with semi-judicial powers. They were authorized to make rules and regulations to enforce laws enacted by the Congress, and they did with a vengeance. The maze of regulations is bewildering and compliance with them frequently necessitates special clerical staffs. Accountants, tax attorneys and consultants are required to rescue the layman floundering helplessly in the dismal swamp. Valuable time is wasted to fill out miles of forms and the cost of obeying our laws is steadily mounting.

Why? No reasonable person finds fault with the laws enacted by the majority of our representatives in the Congress. But one cannot help feeling that the administration of these laws could be materially simplified. Time and money could be saved to the tax payers through the elimination of overlapping agencies and the contraction of political interference in the normal processes of our economy, through reduction in the cost of government and through recognition of the fact that the purpose of representative government is to govern for the benefit of all the people and not to cater to well organized minorities for the purpose of facilitating re-election.

Wake up America! The Congressional elections this fall and the Presidential election in 1948 provide you with an opportunity to be heard. Go to the polls with a firm mind and a loud voice.

INDEX

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Considering 3½% Rate for Foreign Loans

National Advisory Council expected to decide shortly on rate set by Export-Import Bank on accommodations to foreign countries for development purposes. Italian and Czechoslovak credits still hanging fire.

WASHINGTON, July 29—The National Advisory Council is expected to decide shortly on a new interest rate for Export-Import Bank foreign loans for development purposes. The Bank has been advocating 3½% on the theory that such a rate is necessary if the Bank is to operate on a conservative, self-sustaining basis. In fact the Export-Import Bank all along has advocated the 3½% rate for all its loans, including reconstruction loans, but was overruled on this point as a result of the position taken by Mr. Harry D. White while Assistant Secretary of the Treasury.

In recent weeks the NAC working committee has had the matter under consideration and has studied trends in market interest rates. Commerce Department and Treasury staff members concluded that a 3% rate for development loans would be justified, but other departmental staff members favored the higher rate. Treasury staff members of the working committee were reversed by Secretary of the Treasury John Snyder, after discussing the matter with Mr. Wm. McChesney Martin, Chairman of Export-Import Bank. It therefore seems assured that the 3½% rate will be accepted as NAC policy for developmental loans.

The question is merely whether the Bank should be more or less conservative. Its officials are anxious to avoid the risk of having to come before Congress admitting substantial losses on operations at any future time. The Bank has had some losses to date, but not net losses an overall operations. Of course, there is no actuarial basis for establishing the risk factor in its loans, officials state.

A loan to Italy, which was discussed extensively by the National Advisory Council some time ago, is at present marking time, pending the results of the Paris peace conference. The Export-Import Bank recently completed negotiations with Czechoslovakia for a $50,000,000 loan, but the matter is still held open pending a mutual exchange of assurances on trade policy. Czechoslovakia, which does not at this time wish to negotiate a trade agreement with the United States, desires assurance of most favored nation treatment, and the State Department in turn wants similar guaranties from Czechoslovakia in view of the trend in Eastern Europe to orient trade toward Moscow. A recent example of this is said to be the mission which Czechoslovakia sent to Russia for the purchase of arms on credit. This occurred at a time when large quantities of arms, including many of Czecholovak manufacture, are being destroyed in Germany, according to a Czechoslovak informant.

Export-Import Bank is also working on credits to Brazil and Chile.

Early in September, Chairman Martin of the Export-Import Bank plans to visit various European countries. He is to be accompanied by the Bank's Vice-President and Economic Advisor, August Maffry, and by its General Counsel, Hawthorne Arey.

Credits to Aid Philippines Finland, 4 Other Countries

Dollar credit arrangements totaling $39,000,000 have been completed with six countries to expedite their purchase of United States surplus war property overseas, the Office of the Foreign Liquidation Commissioner announced.

Countries to receive credit under the recently-concluded agreements are the Philippines, Turkey, Finland, Lebanon, Iran, and Ethiopia. One of the major obstacles in overseas surplus disposal, FLC pointed out, has been the shortage of dollars in foreign countries, and these credit terms are expected to help overcome that problem as well as foster sales to aid reconstruction abroad. The advices from the FLC added:

"Under the provisions of these agreements for U. S. surplus purchased prior to January 1, 1948, the Philippine Government has been alloted a credit of $10 million, Turkey and Finland $10 million each, Lebanon $5 million, Iran $3 million and Ethiopia $1 million.